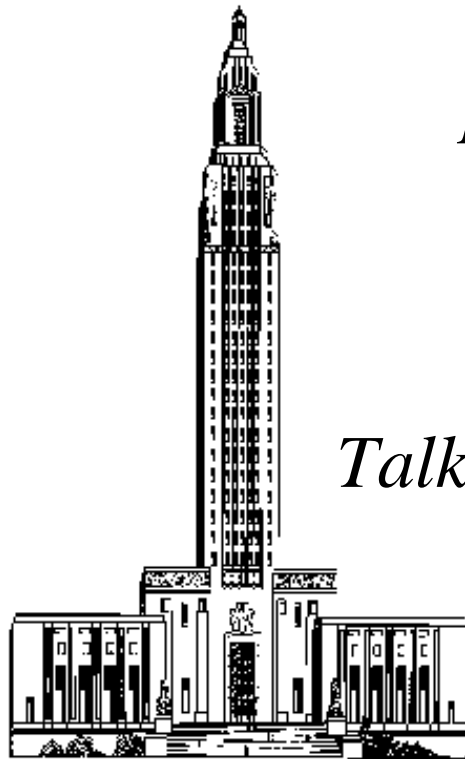


# Fiscal Year 2004-2005



## *Fast Facts and Talking Points*

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Louisiana House of Representatives  
*Prepared by House Fiscal Division*  
July 30, 2004

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## FAST FACTS ON 2004 BUDGET ACTIONS

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<b>OVERVIEW</b>
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### PROPOSED EXECUTIVE BUDGET FOR FY 04-05

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- When the Executive Budget was submitted to the Joint Legislative Committee on the Budget, there was a projected shortfall of over \$570 million in revenue necessary to meet continuation level expenditure needs. The estimated available State General Fund revenue for FY 03-04 was \$6,537.8 million and the initial estimate for FY 04-05 was set at \$6,550.9 million or a projected growth of only \$13.1 million.
- The Executive Budget had to deal with the loss of one-time revenues used to balance the FY 03-04 budget. These one-time sources included the loss of \$254 million in Federal Fiscal Relief and the expenditure of the accumulated TANF balances. In addition, the official forecast did not include \$160 million from the continuation of the suspension of certain sales tax exemptions.
- State agencies were required to absorb inflation (1.57% general and 3.34% medical). Merit increases and increased health insurance and retirement costs for state agencies were generally funded, but agencies, including higher education, suffered reductions in other areas to fund these mandated costs.
- The submitted budget was funded in part through three supplemental revenue sources:
  1. \$160 million through the continued suspension of certain, mainly business, sales tax exemptions.
  2. \$51.4 million through an adjustment in the amount of mineral revenues deposited in the State General Fund.
  3. \$17.3 million in debt defeasance using prior year nonrecurring revenue.

The first two supplemental sources were contingent on legislation to be introduced in the First Extraordinary Session of 2004.

- The Executive Budget made no provision for various “unmet needs”. Included in these unmet needs were:
  - Restoration of \$97 million in programs funded with surplus TANF funds, including drug courts, court appointed special advocates, teen pregnancy prevention programs, and truancy programs.
  - Shortfall in the Minimum Foundation Program (\$22.5 million).

- Pressing needs from local school systems for help in meeting drastically increased health and retirement costs.
- Increased costs of the TOPS Program.
- Road and bridge hazard and other judgments against the state (\$20 million).
- Additional needs in the state health care system.

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### **FIRST EXTRAORDINARY SESSION OF 2004**

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- Act 4 (HB 1) extended for five years the suspension of certain, mainly business, exemptions from the state sales tax.
- Act 11 (SB 8) increased the amount of mineral revenues deposited in the State General Fund.
- These Acts funded \$211 million of the supplemental funding sections of the Executive Budget.

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### **MAY 14, 2004, MEETING OF THE REVENUE ESTIMATING CONFERENCE**

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- At its meeting in May, the Revenue Estimating Conference (REC) increased the forecasts of State General Fund revenues for both FY's 03-04 and 04-05.
- The official forecast for FY 03-04 increased by \$197 million. Of this amount, \$51 million was already incorporated in a supplemental revenue section of the General Appropriation Bill. This left \$146 million in revenues to address unmet needs for FY 03-04 and to carry forward into FY 04-05. This forecast reflects an oil price of \$31.36 per barrel and a natural gas price of \$5.00 per mcf.
- The official forecast for FY 04-05 increased by \$269 million. Of this amount, \$160 million was incorporated in a supplemental revenue section of the General Appropriation Bill. This left \$109 million to address unmet needs for FY 04-05. This forecast reflects an oil price of \$28 per barrel and a natural gas price of \$4.75 per mcf.

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### **LEGISLATIVE BUDGET ACTIONS**

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- After incorporating actions taken during the special and regular sessions and the increased revenues recognized by the REC, the legislature was able to adopt a state budget that restored most of the proposed reductions in the budget and was able to provide enhancements in some areas. The total budget for FY 04-05 as adopted is approximately \$17.6 billion of which \$6.8 billion is State General Fund.
- The legislature also had to rewrite a portion of the Medicaid budget, which was to have been funded by an intergovernmental transfer plan that was turned down by the federal government. Instead, a certification process was adopted that allows certain

certified amounts to be used as matching funds to allow the state to draw down additional federal dollars.

- The legislature also utilized additional revenues recognized by the REC and unused fund balances from a number of dedicated funds. Much of the additional revenue recognized in FY 03-04 was appropriated to the Medical Assistance Trust Fund to be carried forward for use in the FY 04-05 budget. With these additional revenues, the proposed debt defeasance was abandoned and the \$17.3 million of nonrecurring revenue was used to fund a portion of the capital outlay program.
- To offset the effect on the budgets of higher education institutions associated with increased health care and retirement costs, the tuition generating institutions were given authority to increase tuition. The LSU - Health Care Services Division (charity hospitals) was fully funded and other state agencies were appropriated \$10 million to offset some of these costs. Legislation was also passed which provided partial relief from increased retirement costs for state agencies and school boards.
- The governor's Rapid Response Fund was funded at \$10 million. The MFP and the TOPS Program were fully funded. Many of the TANF initiatives were restored, either totally or partially, including LA4, drug courts, and CASA. Final judgments against the state were paid. \$3 million was appropriated to Higher Education for Health Care Workforce Development. Sheriff's housing of state prisoners was fully funded. \$76 million was provided to rebase the nursing home reimbursement rates.
- While the budget for FY 04-05 as passed by the legislature is in balance and generally funds the needs of the state as set forth in the Executive Budget, as well as funding legislative restorations and initiatives, funding issues exist for FY 05-06 and beyond. Much of the funding used to balance the FY 04-05 budget will either not be available in the future or will likely be available at a reduced level. The higher prices of oil and natural gas that generated much of the additional revenue are not likely to continue. Also, within the Medicaid budget, the 175% Overpayment Program, the Overpayment Program, and the UPL Overpayment Programs will sunset at the end of FY 04-05. The nursing home rebasing was accomplished by utilizing \$22 million of principle from the Medicaid Trust Fund for the Elderly. Finally, changes in the health care delivery system that may be proposed by the governor's health care reform panel may be costly at least in any transition in health care delivery systems.

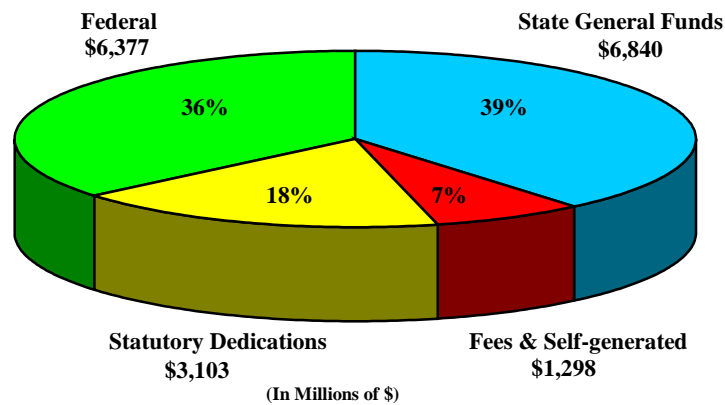
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## FY 04-05 MEANS OF FINANCING

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- The total state budget from all Means of Financing for FY 04-05 is \$17.6 billion of which \$6.840 billion is from the State General Fund (SGF). The SGF amount exceeds the official recurring revenue forecast of \$6.820 billion due to inclusion of \$17.3 million in nonrecurring funds for capital outlay and \$2.7 million in net revenue gain from fund transfers and other legislation. \$22 million from Statutory Dedications and \$54 million in Federal Funds is included for rebasing of nursing home rates, but is contingent on federal approval.

### Means of Financing = \$17.6 Billion



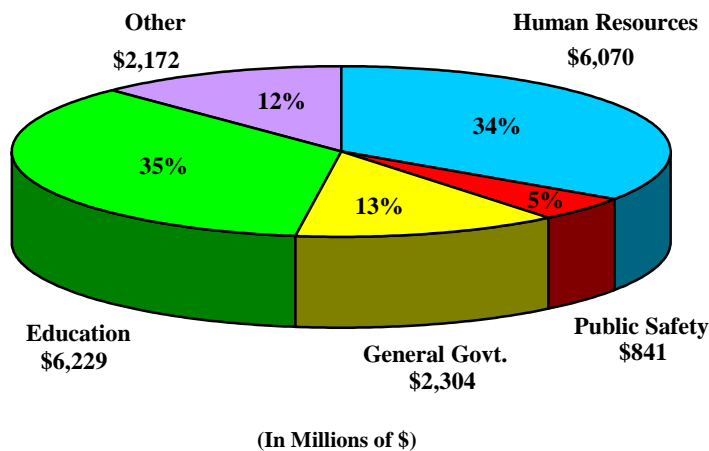
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## FY 04-05 APPROPRIATIONS

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- Total appropriations are distributed among functional areas as follows:

### Total Appropriations From All MOF Total = \$17.6 Billion



Note: 'Other' includes Economic Development, Culture, Labor, Environment, Natural Resources, Wildlife and Fisheries, Agriculture, DOTD, and Capital Outlay. Percentages and amounts may not equal 100% due to rounding.

- Of the funds appropriated for education, \$2.6 billion is for the Minimum Foundation Program (MFP) (\$119 million of this amount comes from lottery funds and \$96 million from the SELF Fund). \$76 million for rebasing of nursing home rates is included, but is contingent on federal approval.

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### BUDGET GROWTH

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- The total state budget from all Means of Financing increased from \$16.9 billion in FY 03-04 (existing operating budget as of 12/02/03) to \$17.6 billion for FY 04-05, an increase of \$682.2 million or 4.03%.

	FY 03-04 Budgeted As of 12/02/03	FY 04-05 Appropriated	Difference	Percent Change
STATE FUNDS				
State General Fund (Direct)	\$6,505.3	\$6,839.7	\$334.4	5.14%
Fees & Self-gen. Revenues	\$1,187.8	\$1,297.6	\$109.8	9.25%
Statutory Dedications	\$2,749.4	\$3,102.8	\$353.4	12.85%
I.E.B. Appropriations	<u>\$3.8</u>	<u>\$0.0</u>	<u>(\$3.8)</u>	<u>(100.00%)</u>
TOTAL STATE FUNDS	\$10,446.3	\$11,240.1	\$793.9	7.60%
FEDERAL FUNDS	<u>\$6,488.9</u>	<u>\$6,377.2</u>	<u>(\$111.7)</u>	<u>(1.72%)</u>
TOTAL STATE & FEDERAL	<u>\$16,935.2</u>	<u>\$17,617.4</u>	<u>\$682.2</u>	<u>4.03%</u>

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### RETIREMENT

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- Act 588 of the 2004 Regular Session provided for a reamortization of certain portions of the unfunded accrued liabilities of the Louisiana State Employees Retirement System (LASERS), the Teachers' Retirement System of Louisiana (TRS), and the Louisiana School Employees' Retirement System (SERS) to give the state and local school systems temporary fiscal relief from the increasing employer contributions to these systems. The Act also eliminates the negative balance in the employee experience accounts and amortizes that balance over a 30-year period.
- \$10.4 million (\$5.9 million in State General Fund) was appropriated to offset increased employer contribution requirements for state agencies. Excluded from this are the LSU – Health Sciences Centers in New Orleans and Shreveport, E. A. Conway Medical Center, and the LSU – Health Care Services Division, which were otherwise funded for these costs, and public post-secondary tuition generating schools, which were given authority to increase tuition for these costs.

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### STATE DEBT AND DEBT SERVICE

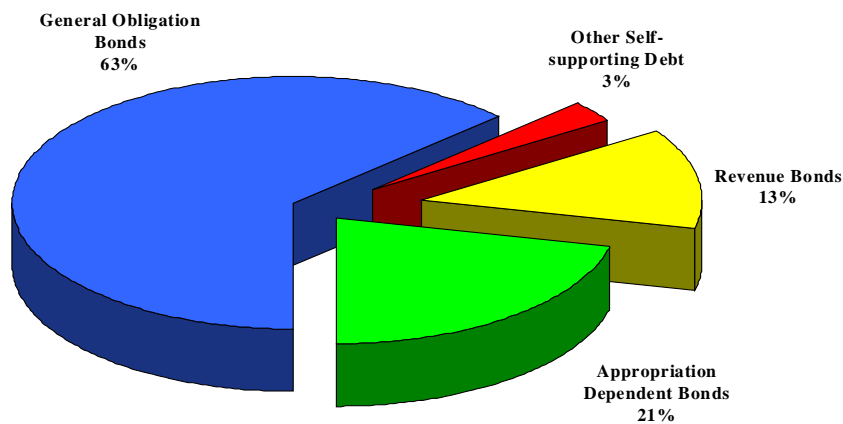
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- In FY 03-04, the Constitutional Debt Limit requiring that debt service on Net State Tax Supported Debt be no more than 6% of tax, license and fee revenue, became effective. The actual debt service ratio as of June 30, 2004, is calculated at 1.8%.



- Louisiana did not issue any general obligation bonds during FY 03-04. Appropriation dependency debt was issued in FY 03-04 for various state facilities, including \$115 million of Office Facilities Corporation bonds for the Capitol Complex.
- Total debt service in FY 04-05 attributable to the Constitutional Debt Limit is \$381.3 million, of which \$260.9 million is for general obligation bonds or their equivalent. The State is contemplating issuing general obligation bonds in late calendar 2004. A sale of \$425 million of state general obligation bonds in the first half of FY 04-05 would increase the estimated debt service ratio for FY 04-05 to 4.78%, as compared to the authorized maximum of 6%.

### Sources of Outstanding Debt



## CAPITAL OUTLAY

The total capital outlay program for FY 04-05 is \$4,315.6 million. **The following amounts and percentages apply to “authorized” funding. The “actual” amounts and percentages will depend on which general obligation bond projects actually receive lines of credit and will depend on which revenue bond projects actually proceed to bond sales.** 27.3% is allocated to DOTD projects for highways, ports, airports, and flood control, 31.4% to other state projects including LA Health Sciences Center – Health Care Services Division, 18.5% for education institutions of which 96% is for higher education, and 22.8% for non-state projects including ports, levee districts, parishes, municipalities, and other non-state entities, financed as follows:

\$ 17.3 million	State General Fund – Nonrecurring Revenues
0.2 million	State General Fund – Direct
36.6 million	Federal Funds
537.0 million	Federal Transportation Trust Fund
225.8 million	Transportation Trust Fund and TIMED Cash
125.8 million	Other Statutory Dedications, Self-generated Revenues, Reappropriated Cash
948.9 million	Revenue Bonds
21.7 million	Interagency Transfers

### **\$ 1,913.3 million      Total Cash and Revenue Bonds**

1024.2 million	Priorities 1 and 2
474.2 million	Priorities 3 and 4
899.4 million	Priority 5

### **\$ 2,397.8 million      Total Bonds**

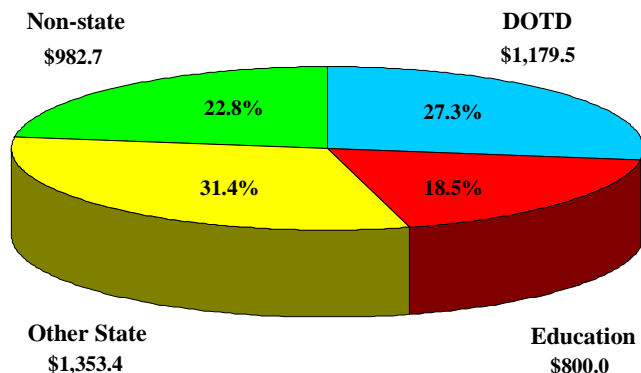
4.5 million	NRP/RBP (previously sold proceeds and prepayment of reimbursement contracts)
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### **\$ 4,315.6 million      Grand Total**

#### **Capital Outlay by Expenditure**

**Total = \$4,315.6**

(In Millions of \$)



## SELECTED TRUST FUNDS

The state treasury contains over 300 special funds. Of these, seven can be considered trust funds by virtue of restrictions on appropriations of principal and certain earnings. These funds and the balance in each fund on July 1, 2004, are as follows:

- Louisiana Education Quality Trust Fund - Permanent Fund, \$890,403,410.
- Health Excellence Fund, \$372,119,404; Education Excellence Fund, \$371,110,518; and TOPS Fund, \$370,569,463; which comprise the Millennium Trust.
- Medicaid Trust Fund for the Elderly, \$853,867,947.
- Rockefeller Wildlife Refuge Trust and Protection Fund, \$50,035,980.
- Budget Stabilization Fund, \$193,574,957.

## K-12 EDUCATION

\$	<b>2.6 billion</b>	Total FY 04-05 appropriation for the Minimum Foundation Program (MFP). This is a \$59 million increase over FY 03-04. Included in the increase is \$25 million mandated for certificated pay increases and retirement costs.
\$	<b>113.8 million</b>	Total FY 04-05 appropriation for TOPS, the Tuition Opportunity Program for Students. This is a \$1.9 million increase over FY 03-04. An estimated 41,101 TOPS awards will be made in FY 04-05.
\$	<b>35 million</b>	Total FY 04-05 appropriation for LA4 Early Childhood Program
\$	<b>9.5 million</b>	TANF for After School Education and Enhancement Programs
\$	<b>5.5 million</b>	TANF for Teen Pregnancy Prevention Initiatives
\$	<b>1.7 million</b>	TANF for Strategies to Empower People (STEP)
\$	<b>51 million</b>	K-12 Accountability Initiatives include: <ul style="list-style-type: none"><li>a) High Stakes Remediation \$11 million</li><li>b) LEAP 21 Tutoring \$6.2 million</li><li>c) GEE 21 Summer School \$2.7 million</li><li>d) Distinguished Educators \$4.5 million</li><li>e) Testing \$15.7 million</li><li>f) School Improvement and High School Corrective Action Grants \$3 million</li><li>g) K-12 Rewards \$4.7 million</li><li>h) High School Redesign, LEADS, Admin. \$3.1 million</li></ul>
\$	<b>12.8 million</b>	Total FY 04-05 appropriation of Tobacco Settlement Funds for the Education Excellence Fund

\$	<b>12.6 million</b>	Continued funding (since FY 97-98) for the K-3 Reading and Math Initiative
\$	<b>22 million</b>	State funding for eight Type 2 Charter Schools
\$	<b>1.5 million</b>	First-year funding for the implementation of the Recovery School District and its takeover of P. A. Capdau Middle School in Orleans Parish
\$	<b>3.7 million</b>	Third and final payment to restore MFP funds reduced to 16 school systems in FY 01-02 related to pay raise calculations
\$	<b>678,654</b>	Continued funding (since FY 01-02) for the On-Line Database Resources available to all teachers and students
\$	<b>1.7 million</b>	337 certification stipends of \$5,000 each for teachers certified by the National Board for Professional Teaching Standards
\$	<b>1.1 million</b>	225 certification stipends of \$5,000 each for counselors certified by the National Board for Certified Counselors
\$	<b>417,500</b>	167 stipends of \$2,500 each for school psychologists credentialed by the National School Psychology Certification Board. The stipend will be fully phased-in to \$5,000 per stipend in FY 05-06.
\$	<b>4.2 million</b>	Increase in FY 04-05 funding for the Louisiana Special Education Center
\$	<b>1 million</b>	UNO Teleplex
\$	<b>500,000</b>	Jobs for America's Graduates – Louisiana (JAG-LA)
\$	<b>389,285</b>	LETA for expenses related to The Football Network (TFN)
\$	<b>468,000</b>	Teach for America funding

<b>HIGHER EDUCATION</b>
-------------------------

\$	<b>5 million</b>	Community and Technical College Development Pool
\$	<b>3 million</b>	Health Care Workforce Development
\$	<b>4.6 million</b>	Endowed Chairs and Professorships
\$	<b>25.8 million</b>	Retirement, group insurance, and merit increases for higher education

\$	<b>500,000</b>	LSUHSC - New Orleans for faculty recruitment
\$	<b>5 million</b>	Additional support for LSUHSC - Shreveport
\$	<b>1.5 million</b>	Additional Support for E. A. Conway Medical Center
\$	<b>3.2 million</b>	Louisiana Optical Networks Initiative
\$	<b>1 million</b>	Connection to the National LambdaRail
\$	<b>700,000</b>	UNO Marine Transportation Degree Programs
\$	<b>350,000</b>	Center for Development and Learning at LSUHSC - New Orleans
\$	<b>13.5 million</b>	Library, scientific, and instructional acquisitions
\$	<b>250,000</b>	Southern University Law Center Evening Program
\$	<b>2.4 million</b>	Truancy Assessment and Service Centers
\$	<b>15 million</b>	Tuition increase for higher education (Act 1117 of 2001 R.S.)
\$	<b>18 million</b>	Fee increase for higher education (Act 788 of 2004 R.S.)

<b>HEALTH AND HOSPITALS</b>
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**Medicaid**

\$	<b>376.7 million</b>	Growth in Medicaid spending for health care services, which is 7% more than health care service spending in FY 03-04
\$	<b>351.3 million</b>	Specific increases to certain private provider payments. Highlights include (in millions):
	\$ 79.1	Increase for utilization costs
	\$ 76.3	Increase to rebase nursing home reimbursement rates
	\$ 40	Increase for hospital outlier claims
	\$ 8.3	Increase inpatient mental health services
	\$ 7.1	Increase for rural health clinics
	\$ 6.4	Increase for dental services for children and pregnant women
	\$ 3.7	Funding for 66 emergency slots in the New Opportunities Waiver (NOW) program
	\$ 3	Increase for Federally Qualified Health Clinics (FQHC)

- \$ **1.7 million** Funding for further development and implementation of the Health Insurance Flexibility and Accountability waiver
- \$ **26 million** Funding for Medicare Part A and B Buy-In premium increases
- \$ **219 million** Additional state match from use of the certification of money spent on Medicaid related services in the state hospitals

#### **LSU - Health Care Services Division (Charity Hospitals)**

The amounts below represent actual budgetary increases in means of finance from FY 03-04 to FY 04-05.

- \$ **18.7 million** Uncompensated Care Costs (UCC)
- \$ **13 million** Medicaid funding
- \$ **27.5 million** State General Fund - General Operations
- \$ **350,000** State General Fund - Breast and Cervical Cancer Screening Program

The total initial budget for the LSU - Health Care Services Division (HCSD) for FY 03-04 was \$775,151,768, and the total amount appropriated for FY 04-05 is \$846,564,746. This represents an increase of 9%. In State General Fund, HCSD experienced a decrease of about 59%. However, there was a 6% increase in Medicaid funding and an approximate 26% increase in Uncompensated Care Costs. The total actual increased funding of about \$60 million for HCSD will help to avoid planned service reductions, including closure of operating rooms, dental clinics, eye clinics, detox units, and other services.

#### **Office of Public Health**

- \$ **8.5 million** Additional funding to meet anticipated enrollment in the Early Steps Program

#### **Office of Mental Health**

- \$ **4 million** Restoration of funding for the Early Childhood Supports and Services (ECSS) program providing support and services to children ages 0-5 at risk of developing behavioral difficulties
- \$ **4 million** Additional funds to avoid closure of 11 rural mental health clinics throughout the state

\$     **4.6 million**     Additional funds to avoid loss of adult and adolescent psychiatric services at Central Louisiana State Hospital, East Louisiana State Hospital, and Southeast Louisiana Hospital

**Office of Addictive Disorders**

\$     **4.1 million**     Restoration of funds to provide non-medical substance abuse treatment services for women with dependent children

<p style="text-align: center;"><b>SOCIAL SERVICES AND TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF)</b></p>
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**Social Services**

\$     **2 million**     Residential care reimbursement (\$1 million SGF, \$1 million Federal Funds)

\$     **1 million**     Legal fees for indigent parents of children in legal system

\$     **75,000**     Safe Haven Initiative

\$     **127,200**     Additional funding for personal care attendant services

**Temporary Assistance to Needy Families (TANF)**

In FY 00-01 a large balance of unused TANF federal block grant funds was identified. This prompted the expansion of existing TANF programs and the creation of new TANF programs. FY 03-04 represented the last year of spending down the large balance. Funding for TANF initiatives for FY 03-04 was \$117.8 million. FY 04-05 funding is \$48.5 million.

**Initiatives:**

\$     **35 million**     Public Pre-K (\$17 million TANF, \$18 million SGF)

\$     **8.5 million**     Non-Public Pre-K

\$     **9.5 million**     After-School Education/Enhancement Programs

\$     **5.5 million**     Teen Pregnancy Prevention Initiatives

\$     **5 million**     Drug Court

\$     **4.16 million**     Non-medical Substance Abuse for women with minor children (SGF for maintenance of effort requirement)

- \$      **3 million**      Court Appointed Special Advocates (CASA)
- \$      **2.75 million**      Early Childhood Intervention Program (SGF for maintenance of effort requirement)

**FY 03-04 Eliminated Initiatives:**

- \$      **11.75 million**      Education and Training Services
- \$      **641,666**      Micro-Enterprise Development
- \$      **2 million**      Training Opportunities for Incarcerated Parents
- \$      **4.5 million**      Post-Release Skills Program
- \$      **4.5 million**      Pre-GED, Dropout Prevention
- \$      **1.5 million**      Adult Literacy Initiatives
- \$      **2.4 million**      Truancy Program
- \$      **3.16 million**      Domestic Violence Initiatives (FY 04-05: \$800,000 SGF in Office of Women's Policy)
- \$      **500,000**      Family Strengthening Initiatives
- \$      **750,000**      Parenting Initiatives for low-income fathers
- \$      **1.5 million**      Abortion Alternative Services
- \$      **3 million**      Community Response Initiative

<b>TRANSPORTATION</b>
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Transportation funding at the state level is primarily financed by taxes on gasoline and special fuels and vehicle licenses, both of which have been affected by the slow economy. As a result, total transportation spending is little changed for FY 04-05.

DOTD's operating budget is stable, but more must be spent on salaries and related benefits, and less on operating services and new equipment. Other significant spending amounts include:

- \$      **650,000**      Appropriated as pass-through funding for local public works authorities.



- \$ **800,000** Appropriated from DOTD's Self-generated Revenue for paying the continuing obligation under a judgment against the department.
- \$ **1,179.5 million** DOTD will manage some \$1,179.5 million of capital projects through statewide priority programs and other capital outlay appropriations in FY 04-05.

#### **MILITARY AND VETERANS AFFAIRS**

- \$ **36 million** Federal grants to the Office of Emergency Preparedness for Law Enforcement Terrorism Prevention, including \$21 million carried forward from FY 03-04
- \$ **4.7 million** State and federal funding for the Southwest Louisiana War Veterans Home (165 beds opening in Jennings, LA on July 1, 2004)

#### **PUBLIC SAFETY AND CORRECTIONS**

##### **Corrections**

- \$ **152 million** State funding for sheriffs housing of state inmates
- \$ **13.8 million** State funding to the David Wade Correctional Center for a substance abuse treatment center for 250 inmates at the closed Swanson CCY – Madison Parish Unit at Tallulah
- \$ **2.3 million** Transfer of state funding from the Health Care Services Division to the Dixon Correctional Institute for dialysis services
- \$ **1.1 million** Transfer of state funding from the LA Community and Technical College System to adult correctional institutions to assist with reinstatement of GED and developmental studies programs cancelled by LCTCS in FY 03-04
- \$ **921,000** State General Fund for a 192-bed expansion at the Louisiana Correctional Institute for Women
- \$ **826,000** State General Fund for an 80-bed dorm expansion at David Wade Correctional Center
- \$ **611,200** State General Fund for a 200-bed revocation program in Probation and Parole

### **Youth Services**

\$	<b>5.5 million</b>	Transfer of state funding associated with the closure of Swanson Correctional Center for Youth – Madison Parish Unit at Tallulah
\$	<b>2.8 million</b>	State funding transferred from Adult Corrections for health insurance funding for Youth Services retirees
\$	<b>2.6 million</b>	Interagency transfer budget authority from Adult Corrections for administration of juvenile grants
\$	<b>1.2 million</b>	Interagency transfer budget authority for federal Title-IVE funds associated with increases in contract per diems and funding for additional beds
\$	<b>1.2 million</b>	State funding for additional community-based services for juveniles

### **Public Safety**

\$	<b>6.3 million</b>	State funding for an increase in State Police retirement contributions
\$	<b>3.3 million</b>	State funding to the State Police Crime Lab for DNA arrestee testing
\$	<b>2.4 million</b>	Federal funding for the State Police Crime Lab to perform no-suspect DNA analysis

<b>ECONOMIC DEVELOPMENT</b>
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\$	<b>10 million</b>	Rapid Response Program
\$	<b>3.5 million</b>	Northrop Grumman/Avondale
\$	<b>2.4 million</b>	Louisiana Technology Park
\$	<b>2.2 million</b>	Wet lab expenses
\$	<b>1.9 million</b>	Louisiana Gene Therapy Consortium
\$	<b>500,000</b>	National Center for Security Research and Training
\$	<b>7.5 million</b>	Loan to pay Saints from Louisiana Economic Development Fund

**State General Fund for the following events:**

\$     **1.1 million**     Sugar Bowl

\$         **347,000**     New Orleans Bowl

\$         **372,000**     Independence Bowl

**Capital Outlay funding for the following:**

\$         **18 million**     Acadiana Immersion Technology Center

\$     **19.2 million**     Louisiana Gene Therapy Research Consortium

\$         **6.7 million**     Economic Development Awards Program (EDAP)

**Pass-through funding:**

\$         **4 million**     Pass-through funding flows through the department to local governments; fairs, festivals, and events; and for local economic development efforts

<b>TOURISM AND CULTURAL DEVELOPMENT</b>
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\$         **1.9 million**     Louisiana Library Connection

\$         **1.5 million**     State Aid to Local Libraries

\$         **1.6 million**     Enhancements to state parks, historic sites, and welcome centers

\$         **1.1 million**     Capitol Park Museum

\$         **2 million**         South Toledo Bend State Park

\$         **4.3 million**     Funding for Arts Grants Program (\$3.8 million in State General Fund)

\$         **3 million**         Capital outlay funding for welcome centers

\$     **48.5 million**     Capital outlay funding for museums (Culture, Recreation and Tourism and Secretary of State)

\$     **98.4 million**     Capital outlay funding for state parks and historic sites

<b>AGRICULTURE AND FORESTRY</b>
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\$     **23.9 million**     Boll Weevil Eradication Program

\$         **1 million**     Formosan Termite Initiative

<b>GENERAL GOVERNMENT</b>
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**Executive**

\$     **8.5 million**     State General Fund to the Office of Urban Affairs and Development

\$     **7.6 million**     State General Fund to the Office of Rural Development

\$     **1.5 million**     State General Fund for the District Assistance Program at the Louisiana Indigent Assistance Board

\$     **1.5 million**     State General Fund for the Supreme Court for additional operating and security costs

\$         **1 million**     State General Fund to the Office of Elderly Affairs for the expansion of the Senior Rx Pilot Program

\$     **7.5 million**     Loan authorized out of the Louisiana Economic Development Fund for the Louisiana Economic Development Corporation to the Louisiana Stadium and Exposition District to fund contractual obligations of the district for professional sports franchises

**Secretary of State**

\$     **47.5 million**     Federal Funds for election reform costs from the Help America Vote Act

**Environmental Quality**

\$         **263,000**     Voluntary Remediation Program and Brownfields Initiatives

**Justice**

\$         **288,947**     Federal funding appropriated for continuation of the Internet Crimes Against Children grant

\$	<b>344,791</b>	Statutory Dedications appropriated from the Insurance Fraud Fund for an additional three positions in the Criminal and Medicaid Fraud Program
\$	<b>300,000</b>	Support of the Capital Area Legal Services Corporation
\$	<b>66,000</b>	Expansion of the Community Living Ombudsman Program into the Alexandria area, Region #6
\$	<b>53,000</b>	Expansion of the Community Living Ombudsman Program into the Lake Charles area, Region #5

**Natural Resources**

\$	<b>250,000</b>	Louisiana Rural Water Association's Energy Conservation Program
\$	<b>25.3 million</b>	Capital outlay funding for Atchafalaya Basin projects

**Wildlife and Fisheries**

\$	<b>9 million</b>	Capital outlay funding for wildlife land acquisition
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## TALKING POINTS ON 2004 BUDGET ACTIONS

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### BUDGET SUMMARY

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#### Proposed Executive Budget for FY 04-05

When the Executive Budget was submitted to the Joint Legislative Committee on the Budget in February, there was a projected shortfall of over \$570 million in revenue necessary to meet continuation level expenditure needs. Continuation level expenditure needs means the financial resources necessary to carry on all existing programs and functions at their current level of service, including inflation and workload adjustments.

The administration chose to deviate from the practice of building the Executive Budget on a continuation level and chose instead to submit the Executive Budget based on the existing operating budget. This approach, while using a different methodology, still left a substantial shortfall (\$668 million). While there is merit to either of these approaches, both methods had to deal with loss of one-time revenues used to balance the FY 03-04 budget. These one-time sources include \$254 million in Federal Fiscal Relief and the expenditure of the accumulated TANF balances. In addition, the official forecast of available revenues in effect at the time the Executive Budget was presented, by law, did not include \$160 million from the suspension of certain, mainly business, sales tax exemptions.

The official forecast used to develop the Executive Budget was the forecast adopted by the Revenue Estimating Conference in December, 2003, which was the first FY 04-05 revenue forecast by the conference. The forecast for State General Fund revenue for FY 03-04 was \$6,537.8 million and the initial forecast for FY 04-05 was set at \$6,550.9 million or a projected growth of \$13.1 million.

State agencies were required to absorb inflation (1.57% general and 3.34% medical). Merit increases and increased insurance and retirement costs for state agencies were generally funded, but agencies, including higher education, suffered reductions in other areas to fund these mandated costs.

The submitted budget was funded in part through three supplemental revenue sources:

1. \$160 million through the continued suspension of certain, mainly business, sales tax exemptions.
2. \$51.4 million through an adjustment in the amount of mineral revenues deposited in the State General Fund.
3. \$17.3 million in debt defeasance using prior year nonrecurring revenue.

The first two supplemental sources were contingent on legislation to be introduced in the First Extraordinary Session of 2004.

The Executive Budget made no provision for various “unmet needs”. Included in these unmet needs were:

- Restoration of \$97 million in programs funded with surplus TANF funds, including drug courts, court appointed special advocates, teen pregnancy prevention programs, and truancy programs.
- Shortfall in the Minimum Foundation Program (\$22.5 million).
- Pressing needs from local school systems for help in meeting drastically increased health and retirement costs.
- Increased costs of the TOPS Program.
- Road and bridge hazard and other judgments against the state (\$20 million).
- Additional needs in the state health care system.

### **First Extraordinary Session of 2004**

Act 4 (HB 1) extended for five years the suspension of certain, mainly business, exemptions from the state sales tax.

Act 11 (SB 8) increased the amount of mineral revenues deposited in the State General Fund.

These Acts funded \$211 million of the supplemental funding sections of the Executive Budget. In addition, Acts 1 (HB 2) and 2 (HB 3) provided for the phase-out of the state sales tax on certain business machinery and equipment and the inclusion of borrowed capital in the tax base for the corporation franchise tax.

### **May 14, 2004, Meeting of the Revenue Estimating Conference**

At its meeting in May, the Revenue Estimating Conference increased the forecasts of State General Fund revenues for both FY’s 03-04 and 04-05.

#### **FY 03-04**

The official forecast for FY 03-04 increased by \$197 million. Of this amount, \$51 million was already incorporated in a supplemental revenue section of the General Appropriation Bill. This left \$146 million in revenues to address unmet needs for FY 03-04 and to carry forward into FY 04-05. This forecast reflects an oil price of \$31.36 per barrel and a natural gas price of \$5.00 per mcf.

#### **FY 04-05**

The official forecast for FY 04-05 increased by \$269 million. Of this amount, \$160 million was incorporated in a supplemental revenue section of the General Appropriation Bill. This left \$109 million to address unmet needs for FY 04-05. This forecast reflects an oil price of \$28 per barrel and a natural gas price of \$4.75 per mcf.

The increases in these forecasts were mainly generated from higher prices of oil and natural gas and growth in the production and other activities associated with that industry. The impact of the “Stelly Plan” had previously been incorporated in the conference forecasts. The revised forecasts indicate that this impact had been accurately presented. Additional study of the impact of the “Stelly Plan” will be conducted by the House Committee on Ways and Means and the Senate Committee on Revenue and Fiscal Affairs, resulting in a report by the joint committee to the legislature prior to the convening of the 2005 Regular Session (HCSR 8 of the 2004 Regular Session).

## **Legislative Budget Actions**

After incorporating actions taken during the special and regular sessions and the increased revenues recognized by the Revenue Estimating Conference (REC) in May, the legislature was able to adopt a state budget that restored most of the proposed reductions in the budget and was able to provide enhancements in some areas. The total budget for FY 04-05 as adopted is approximately \$17.6 billion of which \$6.8 billion is State General Fund.

In adopting this budget, the legislature had to cope with rewriting a portion of the Medicaid budget which was to have been funded by an intergovernmental transfer plan that was turned down by the federal government. Instead, a certification process was adopted that allows certain certified amounts to be used as matching funds to allow the state to draw down additional federal dollars.

The legislature also utilized additional revenues recognized by the REC and unused fund balances from a number of dedicated funds. Much of the additional revenue recognized in FY 03-04 was appropriated to the Medical Assistance Trust Fund to be carried forward for use in the FY 04-05 budget. With these additional revenues, the proposed debt defeasance was abandoned and the \$17.3 million of nonrecurring revenue that was to have been used for this purpose was instead used to fund a portion of the capital outlay program.

To offset the effect on the budgets of higher education institutions associated with increased health care and retirement costs, the tuition generating institutions were given authority to increase tuition. The LSU - Health Care Services Division (charity hospitals) was fully funded and other state agencies were appropriated \$10 million to offset some of these costs. Legislation was also passed which provided partial relief from increased retirement costs for state agencies and school boards.

The Rapid Response Fund that the governor requested was funded at \$10 million. The MFP and TOPS Programs were fully funded. Many of the TANF initiatives were restored, either totally or partially, including LA4, drug courts, and CASA. Final judgments against the state were paid. \$3 million was appropriated to Higher Education for Health Care Workforce Development. Sheriff’s housing of state prisoners was fully funded. \$76 million was provided to rebase the nursing home reimbursement rates.



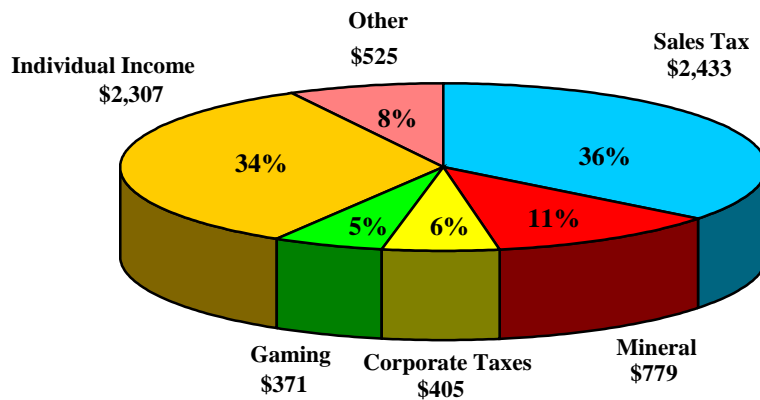
While the budget for FY 04-05 as passed by the legislature is in balance and generally funds the needs of the state as set forth in the Executive Budget as well as funding legislative restorations and initiatives, issues exist for FY 05-06 and beyond. Much of the funding used to balance the FY 04-05 budget will either not be available in the future or will likely be available at a reduced level. The higher prices of oil and natural gas that generated much of the additional revenue are not likely to continue. Also, within the Medicaid budget, the 175% Overpayment Program, the Overpayment Program, and the UPL Overpayment Programs will sunset at the end of FY 04-05. The nursing home rebasing was accomplished by utilizing \$22 million of principle from the Medicaid Trust Fund for the Elderly. Finally, changes in the health care delivery system that may be proposed by the governor's health care reform panel may be costly at least in any transition in health care delivery systems.

## FY 04-05 State General Fund Revenues

### State General Fund Revenue Sources

**Total = \$6,820**

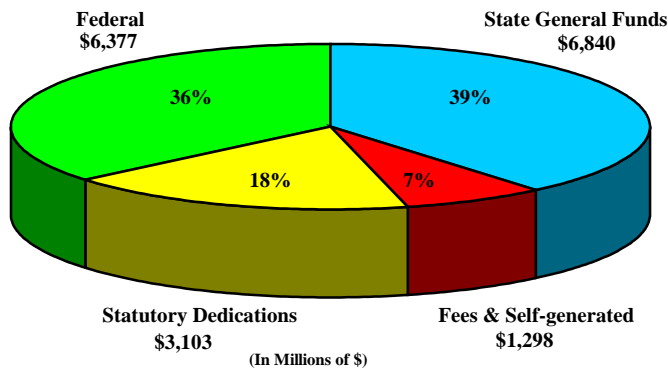
(In Millions of \$)



## FY 04-05 Means of Financing

The total state budget from all Means of Financing for FY 04-05 is \$17.6 billion of which \$6.840 billion is from the State General Fund (SGF). The SGF amount exceeds the official recurring revenue forecast of \$6.820 billion due to inclusion of \$17.3 million in nonrecurring funds for capital outlay and \$2.7 million in net revenue gain from fund transfers and other legislation. \$1.3 billion is appropriated from Fees and Self-generated Revenues, \$3.1 billion from Statutory Dedications, and \$6.4 billion from Federal Funds. \$76 million for rebasing of nursing home rates (\$22 million from Statutory Dedications and \$54 million in Federal Funds) is included, but is contingent on federal approval.

Means of Financing = \$17.6 Billion



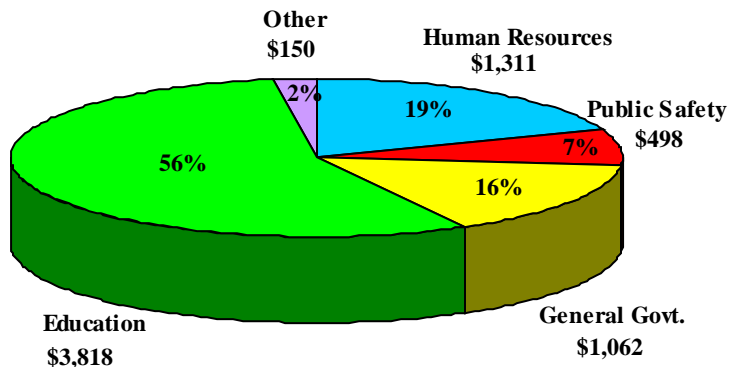
## FY 04-05 Appropriations

The following chart displays State General Fund appropriations of \$6.8 billion for FY 04-05 by major functional areas of state government spending.

State General Fund Appropriations

Total = \$6,840

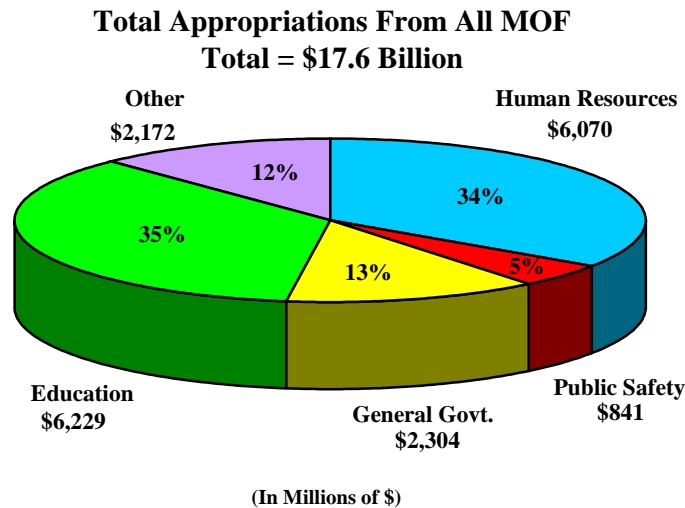
(In Millions of \$)



Note: 'Other' includes Economic Development, Culture, Labor, Environment, Natural Resources, Wildlife and Fisheries, Agriculture, DOTD, and Capital Outlay.

Of the funds appropriated for education, \$2.6 billion is for the Minimum Foundation Program (MFP) (\$119 million of this amount comes from lottery funds and \$96 million from the SELF Fund) and approximately \$1.1 billion is for Higher Education.

The distribution among functional areas of state government changes when all Means of Financing are included. Total appropriations of \$17.6 billion are distributed as follows:



*Note: 'Other' includes Economic Development, Culture, Labor, Environment, Natural Resources, Wildlife and Fisheries, Agriculture, DOTD, and Capital Outlay. Percentages and amounts may not equal 100% due to rounding.*

## Budget Growth

The total state budget from all Means of Financing increased from \$16.9 billion in FY 03-04 (existing operating budget as of 12/02/03) to \$17.6 billion for FY 04-05, an increase of \$682.2 million or 4.03%. The increase is due primarily to increases in State General Fund (Direct) of \$334.4 million and Statutory Dedications of \$353.4 million.

	FY 03-04 Budgeted As of 12/02/03	FY 04-05 Appropriated	Difference	Percent Change
<b>STATE FUNDS</b>				
State General Fund (Direct)	\$6,505.3	\$6,839.7	\$334.4	5.14%
Fees & Self-gen. Revenues	\$1,187.8	\$1,297.6	\$109.8	9.25%
Statutory Dedications	\$2,749.4	\$3,102.8	\$353.4	12.85%
I.E.B. Appropriations	<u>\$3.8</u>	<u>\$0.0</u>	<u>(\$3.8)</u>	<u>(100.00%)</u>
<b>TOTAL STATE FUNDS</b>	<b>\$10,446.3</b>	<b>\$11,240.1</b>	<b>\$793.9</b>	<b>7.60%</b>
<b>FEDERAL FUNDS</b>				
	<u>\$6,488.9</u>	<u>\$6,377.2</u>	<u>(\$111.7)</u>	<u>(1.72%)</u>
<b>TOTAL STATE &amp; FEDERAL</b>	<b><u>\$16,935.2</u></b>	<b><u>\$17,617.4</u></b>	<b><u>\$682.2</u></b>	<b><u>4.03%</u></b>
 Positions	 47,200	 46,781	 (419)	 (0.89%)

*Note: Positions are authorized, not filled positions.*

Federal funding decreased from \$6.489 billion in the FY 03-04 operating budget (as of 12/02/03) to \$6.377 billion for FY 04-05. This is a decrease of \$111.7 million or 1.72%.

## **Retirement**

### **Act 588 (SB 622)**

Act 588 of the 2004 Regular Session provided for a reamortization of certain portions of the unfunded accrued liabilities of the Louisiana State Employees Retirement System (LASERS), the Teachers' Retirement System of Louisiana (TRS), and the Louisiana School Employees' Retirement System (SERS) to give the state and local school systems temporary fiscal relief from the increasing employer contributions to these systems. The Act also eliminates the negative balance in the employee experience accounts and amortizes that balance over a 30-year period.

This legislation: 1) reduced current contribution requirements by changing the amortization period for gains and losses and by changing certain valuation and funding assumptions, and 2) eliminated the negative balances in the experience account of the LASERS and TRS allowing cost of living raises to be granted much sooner than would have otherwise been the case if the experience accounts were allowed to carry negative balances.

Based on actuarial assumptions, the impact of Act 588 would reduce the FY 04-05 contributions to the three state systems by approximately \$100 million (\$27.4 million for LASERS, \$61.7 for TRS, and \$11 million for SERS). The impact of the reamortization of these unfunded accrued liability (UAL) payments will result in additional future interest payments of \$3.8 billion (\$1.058 billion for LASERS, \$2.498 billion for TRS, and \$266 million SERS).

Act 588 establishes a floor of 15.5% for employer retirement contributions for LASERS and TRS. With this floor in place, the state will have to maintain the minimum contribution rate in years when favorable market conditions would otherwise allow the rate to be reduced. This approach will minimize the interest cost associated with expanding the period over which increases to the initial UAL may be amortized.

- **\$10.4 million appropriated to offset certain retirement costs**

HB 1 appropriated \$10.4 million (\$5.9 million in State General Fund) to offset increased employer contribution requirements for state agencies. Excluded from this are the LSU – Health Sciences Centers in New Orleans and Shreveport, E. A. Conway Medical Center, and the LSU – Health Care Services Division, which were otherwise funded for these costs, and public post-secondary tuition generating schools, which were given authority to increase tuition for these costs.

## State Debt and Debt Service

**Constitutional Debt Limit:** FY 03-04 was the ten-year anniversary of the Constitutional Debt Limit. In FY 03-04 and thereafter, debt service on Net State Tax Supported Debt (NSTSD) shall not exceed 6% of total tax, license, and fee revenue estimated by the Revenue Estimating Conference. After ten years of actions to reduce outstanding debt, the State is well within this limit. State Bond Commission data shows that for outstanding bonds, the ratio was 1.8% as of June 30, 2004. The State is contemplating issuing general obligation bonds in the first half of FY 04-05. If the State issues \$425 million of general obligation bonds in the first or second quarter of FY 04-05, the debt limit ratio is estimated to be 4.78% in FY 04-05, as compared to the constitutional maximum of 6%. State Bond Commission projection models indicate that the State may issue \$425 million of bonds in FY 04-05 and \$425 million each year thereafter and remain within the Constitutional Debt Limit.

**Total Outstanding Debt:** Total principal and interest on NSTSD has fallen from \$6.5 billion in 1993 to \$4.319 billion as of June 30, 2004, including the effects of the three-year \$97.2 million general obligation defeasance in June, 2003. This reduction reflects three efforts:

1. Consistent efforts to limit the projects, which may be funded through cash lines of credit or general obligation bonds, each fiscal year through the imposition by the legislature of a self-imposed cap in the annual Capital Outlay Act. This self-imposed limit, which has been in effect at least ten years, was initially \$200 million per year; however, the limit has been periodically adjusted for inflation and other factors and for FY 04-05 is \$262.5 million. As the state has not issued general obligation bonds each year since FY 95-96, the cumulative amount of the legislative limit as contained in the FY 04-05 Capital Outlay Act is \$901.4 million.
2. Consistent efforts to limit the number of bond sales. The state did not issue any general obligation bonds in FY 03-04.
3. The state has caused several advance payoffs of bonds, including the unemployment debt of \$830 million (1993), the Louisiana Recovery District bonds (1996), and several general obligation defeasance plans.

Of the \$4.319 billion principal and interest outstanding debt, \$2.723 billion is for general obligation bonds or their equivalent. The remainder is composed as follows: revenue bonds (including Transportation Trust Fund Bonds) - \$545.7 million; appropriation dependency debt (including Office Facilities Corporation bonds, LCDA Bossier Parish Community College bonds, and LCDA Baton Rouge Community College bonds) - \$927.3 million; and other self-supporting debt (including the Crescent City Connection) - \$122.8 million.

### Defeasance of Bonds

At the end of FY 02-03, the legislature adopted a debt defeasance plan that provided \$95.4 million for advance payment of general obligation bonds over the following three years. These payments reduced overall debt service by \$46.4 million in FY 03-04, \$30

million in FY 04-05, and \$20.8 million in FY 05-06, or a total reduction in principal and interest of \$97.2 million.

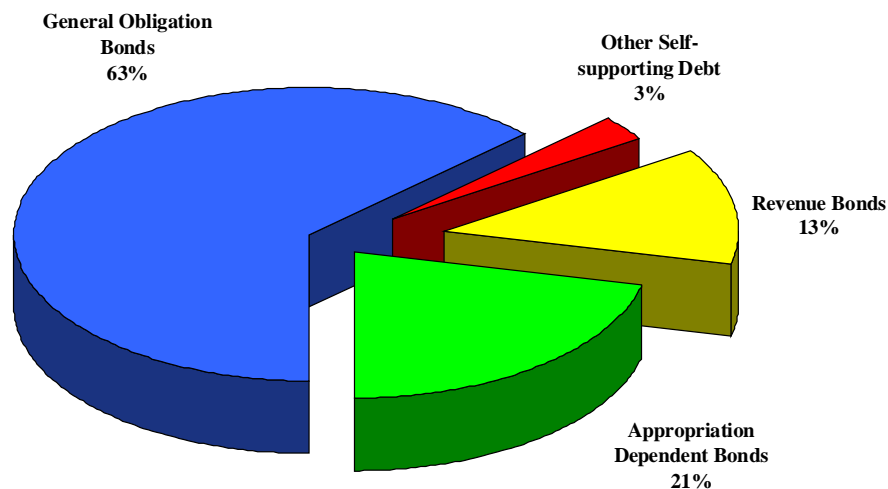
### **Debt Service Cost**

Total debt service in FY 03-04 attributable to NSTSD was \$331.7 million. Total debt service in FY 04-05 attributable to the Constitutional Debt Limit is \$381.3 million, of which \$260.9 million is for outstanding general obligation debt or its equivalent. The increase in debt service from FY 03-04 to FY 04-05 may in part be attributable to the phase-out of prior debt defeasance plans.

### **Bond Sales**

The state did not issue general obligation bonds in FY 03-04. Appropriation dependency debt issued in FY 03-04 included \$115 million of Office Facilities Corporation bonds for the Capitol Complex. Although the 2004 Capital Outlay Act allows the state to issue general obligation bonds up to a principal amount of \$901,475,000 for FY 04-05, the State Bond Commission report on NSTSD anticipates general obligation bond sales of not more than \$425 million in FY 04-05.

### **Sources of Outstanding Debt**



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## CAPITAL OUTLAY

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Act 2 (HB 2), the Capital Outlay Act for FY 04-05, contained appropriations from all Means of Financing of \$4,315,623,288. The bill also limits the total amount of General Obligation Bonds that may be issued to \$901,475,000 (\$638,975,000 carried forward from FY 03-04, and \$262,500,000 for FY 04-05). **The following amounts and percentages apply to “authorized” funding. The “actual” amounts and percentages will depend on which general obligation bond projects actually receive lines of credit and will depend on which revenue bond projects actually proceed to bond sales.**

The following table provides the itemization of the Act by all Means of Financing:

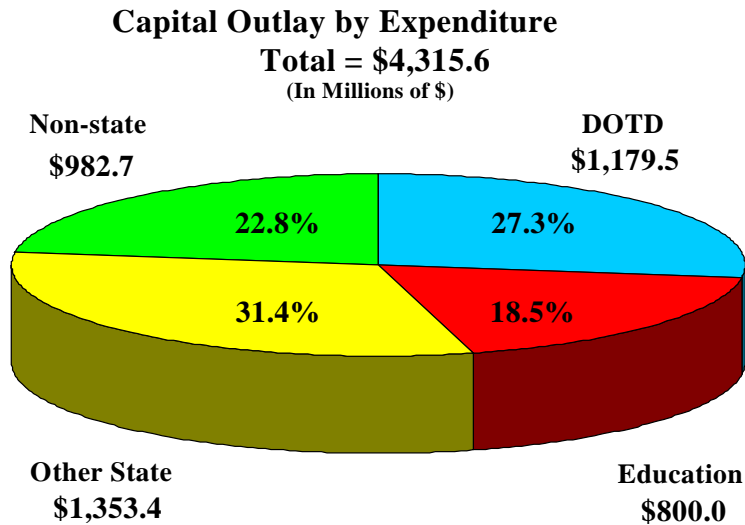
MEANS OF FINANCING	
State General Fund - Nonrecurring Revenue	\$ 17,270,250
State General Fund – Direct	\$ 205,000
Federal Cash	\$ 36,647,108
Federal Cash – TTF	\$ 537,000,000
Transportation Trust Fund	\$ 163,866,000
TIMED Cash	\$ 61,900,000
Other Statutory Dedications	\$ 8,540,000
Fees and Self-generated Revenues	\$ 110,433,345
Reappropriated Cash	\$ 6,161,207
Reappropriated Interest Earnings	\$ 623,796
Interagency Transfers	\$ 21,705,000
Revenue Bonds	\$ 948,950,000
<b>Total Cash and Revenue Bonds</b>	<b>\$ 1,913,301,706</b>
General Obligation Bonds	
Priority 1	\$ 878,380,000
Priority 2	\$ 145,866,700
Priority 3	\$ 244,380,550
Priority 4	\$ 229,791,000
Priority 5	\$ 899,371,600
<b>Total General Obligation Bonds</b>	<b>\$ 2,397,789,850</b>
NRP/RBP	\$ 4,531,732
<b>GRAND TOTAL</b>	<b>\$ 4,315,623,288</b>
NRP is the allocation of previously sold bond proceeds. RBP is the appropriation of prepayments of reimbursement contracts.	

### Capital Outlay Appropriations by Expenditure Category

DOTD	\$ 1,179,514,672	27.3%
Education	\$ 800,010,166	18.5%
Other State	\$ 1,353,377,000	31.4%
Non-state	<u>\$ 982,721,450</u>	<u>22.8%</u>
	<u>\$ 4,315,623,288</u>	<u>100%</u>

96% of the "Education" amount is for higher education. "Education" does not include Louisiana Health Sciences Center – Health Care Services Division, which is shown in "Other State".

"Non-state" includes ports, levee districts, parishes, municipalities, and other non-state entities.



### Capital Outlay for Non-State Entities: Report on the Historical Distribution of Funding

The number of funded non-state entity projects in the capital outlay budget has grown dramatically over the past seven years, and the perception seems to be that this has meant a corresponding dramatic increase in the percentage of "discretionary" funding for non-state entity projects. However, the facts indicate that the percentage of "discretionary" funding actually made available for non-state entity projects has consistently remained at about the one-third level for many years. The increased number of non-state entity projects may be more the result of greater emphasis on the increasing use of local matching funds and of funding large projects in phases, which has allowed the state funding to be spread out over a larger number of projects. The complete report, which includes charts reflecting the statewide distribution of funding for non-state entity projects, is available upon request.



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## SELECTED TRUST FUNDS

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The state treasury contains over 300 special funds. Of these, seven can be considered trust funds by virtue of restrictions on appropriations of principal and certain earnings. A brief description of these funds follows, including the balances for each fund at the close of FY 02-03 and July 1, 2004.

- The **Louisiana Education Quality Trust Fund - Permanent Fund** is established under Const. Art. VII, Sec. 10.1(A)(1) and R.S. 17:3801, et seq. to provide a permanent source of funding for a variety of educational purposes. The source of money for the trust consists of an initial deposit, plus 25% of the recurring state revenues, of monies received from the federal government related to mineral leasing activity on the Outer Continental Shelf, plus 25% of the interest and dividend income on investment of the trust, and 75% of the realized capital gains on investment of the trust. No appropriations may be made from the Permanent Fund. Appropriations are made from the Louisiana Quality Education Support Fund, which receives the residual portions of investment earnings on the trust, plus 75% of recurring state revenues related to mineral leasing activity on the Outer Continental Shelf. Monies are appropriated to the State Board of Elementary and Secondary Education and the Board of Regents for support of qualitative improvements in education. Once the balance in the Permanent Fund reaches \$2 billion, all interest earnings on that trust shall be credited to the Support Fund, and all recurring state revenues related to mineral leasing activity on the Outer Continental Shelf shall be deposited in the State General Fund. The Permanent Fund balances at the close of FY 02-03 and July 1, 2004, were \$869,223,464 and \$890,403,410, respectively.
- The **Health Excellence Fund**, the **Education Excellence Fund**, and the **TOPS Fund** comprise the **Millennium Trust**, which is established under Const. Art. VII, Sec. 10.8 and R.S. 39:98.1, et seq., to provide a source of permanent funding for health care, K-12 educational enhancements, and support of the TOPS Program of tuition assistance for college students. State revenues received under the “Master Settlement Agreement”, wherein Louisiana resolved its litigation against tobacco manufacturers, were the source of initial funding for these three funds, each receiving one-third of the proceeds. Earnings from dividend, interest and capital gains on investment of the trust are also deposited into the funds, one-third each. Appropriations from the three funds are limited to an annual amount not to exceed the estimated aggregate annual investment earnings on investment of the trust as recognized by the Revenue Estimating Conference.
  - Appropriations from the **Health Excellence Fund** are limited to support of: children’s health care, advanced health care science, and comprehensive disease management services. The fund balances at the close of FY 02-03 and July 1, 2004, were \$357,533,511 and \$372,119,404, respectively.

- Appropriations from the **Education Excellence Fund** are limited to support of pre-K through 12th grade instruction enhancements for students in private and public elementary and secondary schools. The fund balances at the close of FY 02-03 and July 1, 2004, were \$356,238,993 and \$371,110,518, respectively.
- Appropriations from the **TOPS Fund** are limited to support of state programs for financial assistance for students attending Louisiana colleges and universities. The fund balances at the close of FY 02-03 and July 1, 2004, were \$354,842,372 and \$370,569,463, respectively.
- The **Medicaid Trust Fund for the Elderly** is established pursuant to R.S. 46:2685 to maintain in a permanent trust a portion of state revenues received under Louisiana's Medicaid intergovernmental transfer program. The appropriation of fund principal is restricted to: rebasing of nursing home provider payment rates, development and funding of a case mix reimbursement system for nursing homes, payments to local governments for their participation in the program, and reimbursement to the Department of Health and Hospitals for costs of the program. Investment earnings on the fund may be appropriated for support of the state Medicaid program. The fund balances at the close of FY 02-03 and July 1, 2004, were \$851,379,053 and \$853,867,947, respectively.
- The **Rockefeller Wildlife Refuge Trust and Protection Fund** is established under R.S. 56:797 to provide a permanent source of funding for various wildlife protection and enhancement purposes. Five percent of annual state mineral related revenues generated from lands within the Rockefeller Foundation Wildlife Refuge and Game Preserve are deposited into the fund; however, in years where mineral revenues and interest earnings exceed \$10 million dollars, 25% of the annual revenues and earnings are to be deposited into the fund. Appropriations are restricted to earnings on investment of the fund, and are limited to wildlife related purposes. The fund balances at the close of FY 02-03 and July 1, 2004, were \$48,225,452 and \$50,035,980, respectively.
- The **Budget Stabilization Fund** is established pursuant to Const. Art. VII, Sec. 10.3 and R.S. 39:94 to maintain a trust fund available for use in addressing projected budget deficits. The sources of money for this fund include certain state mineral revenues in excess of \$850 million annually, one quarter of all monies designated nonrecurring in an official forecast, and any other monies appropriated to the fund by the legislature including the balance of any nonrecurring revenues. The appropriation of monies from the fund is limited to one-third of the fund and may only be used to address a projected deficit either in the current budget year or the ensuing budget year. The fund balances at the close of FY 02-03 and July 1, 2004, were \$191,140,116 and \$193,574,957, respectively.

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## LEGISLATION OF FISCAL INTEREST

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### **First Extraordinary Session, 2004**

- **State Sales and Use Tax**

#### Act 4, HB 1

Suspends certain exemptions to 3% of the state sales and use tax from 7/1/04-6/30/09. Current law permanently suspended these exemptions to the 1% state sales tax levied by R.S. 47:321. All but the following exemptions are suspended:

- Direct sales of farm products by producer.
- Use tax for farm products consumed by producer.
- Certain farm equipment.
- Fertilizer and farm products containers sold by farmers.
- Prescription drugs and other medical and patient aids.
- Ships and ships' supplies.
- Seeds used in planting of crops.
- Pesticides used for agricultural purposes.
- Sales by blind persons.
- Sales by nonprofit organizations.
- Purchases by commercial fisherman.
- Diesel fuel or LPG used for farm purposes.
- Purchases made with food stamps and under the W.I.C. program.
- Exemptions under the Enterprise Zone Law.
- Purchases in domed stadiums owned by the state and in certain other publicly owned facilities.
- Purchases for first use offshore.
- Rail rolling stock.
- Utilities used by steelworks and blast furnaces.

Also suspends exemptions for business utilities to 2% of the state sales and use tax and 80% of 1% of the state sales and use tax from 7/1/04-6/30/09. State sales and use taxes are constitutionally prohibited on food for home consumption and residential utilities.

#### Act 8, HB 15

Excludes purchases by consumers of certain fuels or gases such as butane and propane from state sales and use tax. This puts the taxation of such gases on the same basis as natural gas.

#### Act 1, HB 2

Excludes from the 4% state sales and use tax the purchase, lease, or rental of manufacturing machinery and equipment by manufacturers within NAIC codes 31-33 and agricultural, forestry, and fishing and hunting sectors 11 of the NAIC code. The phase-out begins in FY 04-05 with a 5% reduction and continues as follows:

<u>Taxable periods</u>	<u>Reduction</u>
For the period beginning on 7/1/05 and ending on 6/30/06	19%
For the period beginning on 7/1/06 and ending on 6/30/07	35%
For the period beginning on 7/1/07 and ending on 6/30/08	54%
For the period beginning on 7/1/08 and ending on 6/30/09	68%
For the period beginning on 7/1/09 and ending on 6/30/10	82%
For all taxable periods beginning on or after 7/1/10	100%

Authorizes local governments to provide for the same exclusion as the state either immediately or subject to a local phase-in.

#### Act 2, HB 3

Phases-out the inclusion of borrowed capital in the corporation franchise tax base beginning with taxable years beginning after 12/31/05. The tax on borrowed capital will be completely phased-out by 1/1/12.

#### Act 11, SB 8

Increases the base amount of revenues received from the state as a result of mineral revenues from \$750 million to \$850 million. This increase is calculated by comparing the index of FY 92-93 with FY 02-03, which reflects slightly less than 50% in the aggregate of the increase in the CPI for the last ten years. Monies recognized as a result of this legislation were appropriated to the Louisiana Medical Assistance Trust Fund for use by the Medical Vendor Payments Program in FY 04-05.

### **Regular Session, 2004**

- **Local Taxes**

#### Act 212, HB 485

Authorizes an ad valorem tax exemption of motor vehicles owned by persons 65 years of age or older from general or special ad valorem taxes of municipalities or districts created by them. Currently the city of New Orleans is the only municipality that levies such a tax.

- **Homestead Exemption**

#### SB 806 (Constitutional Amendment)

Provides that homestead exemption from ad valorem taxation is limited to property occupied by the person claiming the exemption; provides for land classified and assessed at use value; provides that a field which qualifies for homestead exemption may have timber on it; prohibits granting the homestead exemption to bond for deed property unless granted before June 20, 2003; explicitly prohibits more than one homestead exemption applying to any person; and requires the homestead exemption to extend to the following:

- (1) Property owned by an irrevocable trust when the principal beneficiary or beneficiaries of the trust are the settlor or settlors of the trust and were the immediately prior owners of the homestead, and the homestead is occupied as such by a principal beneficiary, but only if the property was qualified for the homestead exemption immediately prior to the transfer to the trust or would have been eligible for the homestead exemption if such property were not owned in trust.
- (2) Property where the usufruct of the property has been granted for the lifetime of no more than two usufructuaries who were the immediate prior owners of the homestead, and the homestead is occupied as such by a usufructuary, and the grant of the usufruct has been made by a person or persons either in the direct ascending or descending line of the usufructuary, but only if the property was qualified for the homestead exemption immediately prior to the granting of such lifetime usufruct or would have been qualified for the homestead exemption if such usufruct had not been granted.
- (3) Natural person or persons and an irrevocable trust created by a natural person or persons in which the beneficiaries of the trust are a natural person or persons, provided that the provisions of this proposed constitutional amendment are otherwise satisfied.

- **White Lake Property Fund**

Act 613, SB 118

Establishes the White Lake Property Fund as a special fund in the state treasury within the Louisiana Wildlife and Fisheries Conservation Fund. Provides for the following monies to be deposited into the fund:

- (1) All revenues derived from agricultural leases and from the mineral revenues from royalty payments, bonus payments, and rentals from the properties owned by the state and known as the White Lake Property.
- (2) All fees charged for use of the White Lake Property.
- (3) All monies derived from any sale of assets produced by the White Lake Property.
- (4) All donations of private funds or public contributions made for the conservation, administration, control, management, development, or operation of the White Lake Property.

Establishes the White Lake Property Advisory Board within the Department of Wildlife and Fisheries. The board members are appointed by the governor and are subject to confirmation by the Senate. Provides for the selection of officers and for the application of the Open Meetings Law and the Public Records Law. The board is authorized to solicit and accept donations and is subject to annual audits by the legislative auditor.

Provides for the Wildlife and Fisheries Commission to establish a conservation management plan for the White Lake Property and to authorize the conduct of lottery

hunts on the White Lake Property. Further provides for the Department of Wildlife and Fisheries to administer, control, and manage the White Lake Property. The department is authorized to enter into cooperative endeavor agreements to fulfill these duties and responsibilities that shall be subject to the approval of the Joint Legislative Committee on the Budget.

- **Public Contracts**

SB 39 (Vetoed)

Would have required the commissioner of administration to provide a system of tracking certain cooperative endeavor agreements. Provided for review by the Joint Legislative Committee on the Budget of cooperative endeavor agreements having a fiscal impact of one million dollars or more on the state or state agencies to be entered into by any state office, department, board, commission, institution, division, officer, or other functional group that is authorized to exercise any functions of the executive branch of state government. Cooperative endeavor agreements that involved a project that is included in the capital outlay budget or that involved funds derived from the United States Army Corps of Engineers, the Louisiana State National Guard, or would be associated with coastal restoration or management would have been exempt from this requirement.

Act 869, HB 1256

Clarifies the process for evaluation and approval of performance-based energy efficiency contracts for services and equipment. Provides for the initial evaluation to be done by the requesting state agency followed by an evaluation done by the Department of Natural Resources. The department may select an independent third party evaluation consultant to review and evaluate the proposals. After these evaluations are complete, the commissioner of administration may authorize an agency to negotiate a contract, which must finally be awarded by the commissioner. Initial rules must be submitted by the commissioner to the Joint Legislative Committee on the Budget no later than August 1, 2004, for approval, which then should be submitted in accordance with the Administrative Procedures Act to the Louisiana Register. Requests for proposals or contracts received by the division of administration prior to January 1, 2004, are excluded from these requirements, except that the proposer for such proposals or contracts is required at the time a contract is executed to pay an amount not to exceed 1% of the total contract value to cover the costs of evaluation and oversight of the contract.

SB 27 (Vetoed)

Would have required private entities, which receive revenue from the operation, management, or control of public lands or facilities in the public interest, to submit to the Joint Legislative Committee on the Budget, no later than 30 days prior to the Regular Session of the legislature, a budget which delineates revenue received and expenditures made in the previous year and projections for the next year's income and expenditures. The commissioner of administration would have been required to develop a report form for use by private, nonprofit corporations or other legal entities

that are required to report. The form would have provided standards and guidelines together with such other instructions as may be required to ensure financial disclosure.

- **Special Treasury Funds**

SB 44 (Constitutional Amendment)

Act 58, SB 42 (Statutory Companion)

Establishes the Agricultural and Seafood Products Support Fund as a special fund in the state treasury consisting of monies derived from the sale of trademark licenses, grants, gifts and donations received by the state, other revenues as provided by law, and monies appropriated by the legislature. Provides for monies in the fund to be used for programs for assistance to farmers and fishermen in Louisiana for the support and expansion of their industry. Requires the commissioner of agriculture and forestry to establish rules and regulations to implement the provisions of this Act.

Act 786, HB 1034

Creates the Barrier Island Stabilization and Preservation Fund as a special fund in the state treasury. Monies in the fund are derived from legislative appropriations, donations, grants, and any other available monies. Monies in the fund are to be used by the Department of Natural Resources to support the Barrier Island Stabilization and Preservation Program within the Louisiana Coastal Wetlands Conservation Restoration Program, which was created by Act 407 of the 2004 Regular Session.

- **Temporary Assistance for Needy Families (TANF)**

Act 675, SB 654

Requires all work-eligible families receiving Family Independence Temporary Assistance Benefits (FITAP) to receive on-going intensive care management. Changes the 24-month eligibility for FITAP benefits to allow a 60-month limitation, allows clients to stay in the program for six-month increments, and removes restrictions on earned income disregard for benefits.

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## LEGISLATION WITH SIGNIFICANT REVENUE IMPACT

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Explanation	SGF Impact For Fiscal Year (In Millions)				
	04/05	05/06	06/07	07/08	08/09
<b>Sales Tax</b>					
Suspends certain exemptions to 3% of the state sales and use tax from 7/1/04-6/30-09 (Act 4, HB 1 of 1 <sup>st</sup> E.S.)	\$160.37	\$160.37	\$160.37	\$160.37	\$160.37
Excludes butane and propane from all 4% of the statewide sales tax beginning July 1, 2004 (Act 8, HB 15 of 1 <sup>st</sup> E.S.)	(\$4.3)	(\$4.3)	(\$4.3)	(\$4.3)	(\$4.3)
Phases-out the inclusion of borrowed capital within the levy of the corporation franchise tax (Act 2, HB 3 of 1 <sup>st</sup> E.S.)	\$0	(\$22.5)	(\$45.1)	(\$67.6)	(\$90.2)
Phases-out the inclusion of certain manufacturing machinery and equipment from state sales tax (Act 1, HB 2 of 1 <sup>st</sup> E.S.)	(\$5.0)	(\$20.0)	(\$40.0)	(\$60.0)	(\$76.0)



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## K-12 EDUCATION

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DEPARTMENT OF EDUCATION (DOE)				
Means of Financing (MOF)	FY 03-04 Budget as of December 2003	FY 04-05 HB 1 Enrolled	Change from FY 03-04 to FY 04-05	Percent Change
State General Fund	\$2,366,501,460	\$2,605,545,756	\$239,044,296	10.1%
Interagency Transfers	\$129,618,074	\$73,290,424	(\$56,327,650)	(43.5%)
Fees and Self-Generated	\$3,743,110	\$2,594,118	(\$1,148,992)	(30.7%)
Statutory Dedications	\$222,456,898	\$229,802,034	\$7,345,136	3.3%
Interim Emergency Bd.	\$0	\$0	\$0	0.0%
Federal Funds	\$947,016,164	\$813,976,984	(\$133,039,180)	(14.0%)
<b>TOTAL MOF</b>	<b>\$3,669,335,706</b>	<b>\$3,725,209,316</b>	<b>\$55,873,610</b>	<b>1.5%</b>
Authorized Positions	1,019	891	(128)	(12.6%)

The Total Budget for the Department of Education (DOE) grew by \$56 million over FY 03-04. State General Funds grew by \$239 million over FY 03-04 primarily because of three factors:

- 1) Replacing \$142 million one-time Federal Funds in the MFP with SGF.
- 2) \$77 million growth for the MFP.
- 3) \$17 million SGF appropriation for LA4.

The decrease in Authorized Positions is the net result of eliminating 134 positions at the Special Schools Districts and six new or restored positions in the DOE.

- **\$2.6 billion is appropriated for the Minimum Foundation Program (MFP), an increase of \$59 million**

SCR 122 of the 2004 Regular Session will be used to determine the cost of a minimum program of education and to equitably allocate funds. SCR 122 requires the Board of Elementary and Secondary Education (BESE) to provide a final budget letter no later than June 30 for the fiscal year beginning July 1. SCR 122 also allows for midyear adjustments for students and local revenues. \$25 million will be available to supplement and enhance certificated staff salaries and retirement benefits. The MFP provides every school system with an increase in state funds and certificated pay raises, with the state average being a \$362 increase and across the board amounts ranging from \$47 to \$633.

Significant changes in the FY 04-05 MFP include the following:

- SCR 122 will use the latest data available for student enrollment and local revenue, i.e., the FY 03-04 enrollment and the FY 02-03 local revenue amounts to determine the cost of the FY 04-05 MFP.
- SCR 122 provides for an increase in the Base Per Pupil Amount from \$3,366 to \$3,459; however, the State Funds Per Pupil amount for each school district will vary.
- Red River has the highest State MFP per pupil amount of \$5,552 per pupil and Iberville has the lowest State MFP per pupil amount of \$2,348 per pupil. The average State Funds Per Pupil for FY 04-05 is \$3,689 per pupil.
- SCR 122 provides for a midyear budget adjustment for student growth of either 50 students or 1% over the FY 03-04 audited students and local revenue growth under certain conditions.
- Any audit adjustments that would have normally been taken in FY 04-05 are postponed until FY 05-06.

- **\$113.8 million is appropriated for TOPS awards**

The FY 04-05 appropriation for the Tuition Opportunity Program for Students (TOPS) is \$113.8 million for approximately 41,101 awards and is funded with \$101 million State General Fund and \$12.8 million from the TOPS Fund. The appropriation for TOPS awards is a “more or less estimated” appropriation and includes an increase for a 3% tuition hike for TOPS Awards.

Significant changes approved in the 2004 Regular Session include the following:

- Act 788 (HB 1062) authorized the management boards of public colleges and universities to assess operational fees up to by 4%, which will not be covered by TOPS awards. Management boards approved a 3% increase effective for FY 04-05 that will be covered by TOPS awards.
- Act 472 (HB 32) deleted the requirement for an additional one unit from among certain computer courses and added a requirement for an additional unit of advanced Math or Science for students graduating in FY 07-08 and thereafter.
- Act 800 (SB 435) added Agriscience I and II, both for one unit, to the selection of eight advanced science classes from which a student must earn two units.
- Act 507 (HB 487) provides that the Wechsler Intelligence Scale for Children and specified other conditions may be used as qualifiers for TOPS in lieu of having a high school diploma. The TOPS award shall be for no more than eight semesters.
- Act 625 (SB 224) provides that any student who qualifies for a TOPS award shall be allowed to use the award to cover any “cost of attendance” at an eligible public college or university.

TOPS PAYMENTS BY ACADEMIC YEAR		
TUITION OPPORTUNITY PROGRAM FOR STUDENTS		
ACADEMIC YEAR	AWARDS	COST
FY 98-99	23,510	\$54.0 million
FY 99-00	29,120	\$67.4 million
FY 00-01	35,722	\$90.2 million
FY 01-02	40,834	\$104.0 million
FY 02-03	40,061	\$104.5 million
FY 03-04	40,708	\$109.5 million
FY 04-05	41,101	\$113.8 million

- **\$35 million for Early Childhood Programs (LA4 and Starting Points) for four-year olds**
- **\$9 million to \$14 million of 8(g) for Early Childhood Program**

The \$35 million appropriation is comprised of \$17 million TANF and \$18 million SGF. This is the fourth year of implementation of the LA4 Program. The TANF and SGF will be used by the DOE and BESE in conjunction with approximately \$9 million to \$14 million of 8(g) Funds in order to maintain the number of four-year olds served. The DOE expects to serve approximately 6,000 children in LA4 in combinations of ten-hour, six-hour, and four-hour programs and 1,500 children in Starting Points. Twenty-two school systems are continuing in the LA4 Program in the fourth year. The goal of the LA4 Pre-Kindergarten Program is to provide universal high quality education and care services to four-year old children. Classroom maximum enrollment is 20 children and the adult to child ratio is 1:10. Transportation is provided for the six-hour educational portion of the day.

- **\$9.5 million TANF for After School Education and Enhancement Programs**

After School Education TANF Programs are intended to increase the number of high quality out-of-school-time youth development programs among high-poverty communities with low-achieving students and/or a large number of working-poor parents. Public elementary, middle, or secondary schools; faith-based and other community-based organizations; and private, nonprofit organizations whose mission centers on serving K-12 children are eligible to apply for this TANF funded-program designed to provide academic enrichment, recreation, and tutoring. A minimum of three days of activities per week for at least ten months will be provided which should be initiated no later than October 1, 2004.

- **\$5.5 million TANF for Teen Pregnancy Prevention Initiatives**

Teen Pregnancy Prevention initiatives are intended to reduce teen pregnancy rates, reduce the incidence of risk behaviors among teens and to institutionalize in Louisiana the use of research-based teen pregnancy prevention curricula and methodologies. Community-based organizations are eligible to apply for this TANF

funded program. Contractors will be required to utilize at least two teen pregnancy prevention instructional/educational curricula approved by the DOE and to include a minimum of program components that have been prevalent in successful Teen Pregnancy Prevention models. Substantial training and on-going technical assistance will be provided by the DOE to organizations awarded contracts under the request for proposals.

- **\$1.7 million TANF for Strategies to Empower People (STEP)**

The purpose of educational activities within the STEP Program is to move the participant toward self-sufficiency and improve the overall well-being of the family by improving educational outcomes for the participant. The services to be provided will be adult basic and secondary literacy instruction, GED preparation, administration of the Profile XT inventory where appropriate, and/or work/vocational-readiness preparation for the WorkKeys assessment. The target population to be served will be adults 16 years of age and older, with a minor child, who are in need of adult basic education and are referred to the sites in coordination with the Office of Family Support.

- **\$51 million is appropriated to continue K–12 Accountability Initiatives, including the following:**

- a) High Stakes Remediation - \$11 million
- b) LEAP 21 Tutoring - \$6.2 million
- c) GEE 21 Summer School - \$2.7 million
- d) Distinguished Educators - \$4.5 million
- e) Testing - \$15.7 million
- f) School Improvement and High School Corrective Action Grants - \$3 million
- g) K-12 Rewards - \$4.7 million
- h) High School Redesign, LEADS, Admin - \$3.1 million

- **\$12.8 million is appropriated out of the Education Excellence Fund from tobacco settlement revenues**

From this \$12.8 million appropriation, approximately \$10.5 million will be distributed to public schools, \$66,000 will be distributed to Types 1, 2, 3, and 4 charter schools, \$1.9 million will be distributed to nonpublic schools, and \$393,000 will be distributed to state special schools.

- **\$12.6 million is appropriated for the K-3 Reading and Math Initiative**

This is the eighth year of funding the K-3 Reading and Math Initiative to improve the reading and mathematics skills of public school students in kindergarten through third grade by providing comprehensive and ongoing staff development to teachers. In-school intervention programs such as retired teachers tutoring, after-school programs, and extended year programs are used by school systems.

- **\$22 million is appropriated for Type 2 Charter Schools**

Funding for FY 04-05 is based on eight Type 2 Charter Schools and 3,415 students (an increase from 3,028 students in FY 03-04). The amount appropriated for FY 04-05 is approximately \$3.7 million greater than the amount expended in FY 03-04 for Type 2 Charter Schools. Type 2 Charter Schools receive their funding from the state; no local funding is provided.

The actual allocations to the Type 2 Charter Schools will depend on their October 1, 2004, enrollments, recalculations of the state funding per pupil amounts, and audit adjustments (plus or minus) made during FY 04-05. The DOE has provided the funding information below to the Type 2 Charter Schools:

FY 04-05 TYPE 2 CHARTER SCHOOL FUNDING INFORMATION				
Type 2 Charter Schools		State Funding Per Pupil	Projected Student Count	Total Allocation with Estimated Student Audit Adjustments
1	Avoyelles Public Charter School	\$5,022	540	\$2,711,880
2	Belle Chasse Academy	\$7,086	859	\$6,072,752
3	Delhi Charter School	\$6,119	367	\$2,239,647
4	EBRATS	\$6,856	200	\$1,331,048
5	Glencoe Charter School	\$6,092	378	\$2,302,776
6	International School of Louisiana	\$6,187	396	\$2,456,177
7	Milestone SABIS Academy	\$6,187	400	\$2,393,133
8	New Vision Learning	\$7,016	276	\$1,920,475
<b>TOTAL</b>			<b>3,416</b>	<b>\$21,427,888</b>

- **\$1.5 million is appropriated for the Recovery School District**

BESE has taken over the P. A. Capdau Middle School in Orleans Parish and contracted with the University of New Orleans to manage the school. Capdau was a failed school, i.e., an academically unacceptable school as defined in Louisiana's school accountability program. Capdau was academically unacceptable for four consecutive years, had performance scores below 30, and did not make their Spring 2004 growth target. The pupil funding for Capdau was transferred from the Minimum Foundation Program appropriation for FY 04-05. A total of 14 schools were eligible to be taken over, but only Capdau will be managed by UNO.

- **\$3.7 million is appropriated (in Supplemental Appropriations Bill) as the third and final installment for 16 school systems that experienced a MFP funding reduction of \$11 million in FY 01-02**

The MFP resolution adopted in 2001 (SCR 139) mandated that any funding received by a school system which exceeded the amount needed to provide a \$2,060 pay raise be returned to the state treasury. This reduction impacted 16 school systems and

reduced their state funding by \$11 million. This appropriation is the third and final installment to restore the funding and is contained in Act 446 (HB 1628, Supplemental Appropriations Bill) of the 2004 Regular Session. The total amounts restored are as follows:

<b><u>AMOUNT RESTORED TO 16 SCHOOL SYSTEMS</u></b>					
1	Ascension	\$407,517	9	Ouachita	\$719,382
2	Concordia	\$1,596,613	10	Sabine	\$818,473
3	DeSoto	\$177,601	11	St. Bernard	\$1,891,043
4	Evangeline	\$1,219,174	12	St. Charles	\$50,302
5	Grant	\$340,078	13	St. Landry	\$299,212
6	Jackson	\$224,987	14	Union	\$333,292
7	Lincoln	\$1,465,180	15	West Feliciana	\$203,618
8	Livingston	\$1,347,062	16	Bogalusa	\$152,068

- **\$678,654 is appropriated for K–12 On-Line Database Resources**

FY 04-05 is the fourth consecutive year the legislature has funded the On-Line Database Resources from the GALE Group and World Book Online Encyclopedia, with funding from the Charter School Loan Fund, the Academic Improvement Fund, and the State General Fund. The database resources are available to public and nonpublic students and teachers twenty-four hours a day/seven days a week.

- **\$1.7 million is appropriated for NBPTS certification stipends**

To reimburse school systems for paying the \$5,000 certification stipend to teachers and administrators who have achieved certification from the National Board for Professional Teaching Standards, \$1.7 million is appropriated for 337 stipends of \$5,000 each.

- **\$1.1 million is appropriated for NBCC certification stipends**

To reimburse school systems for paying the \$5,000 certification stipend to counselors who have achieved certification from the National Board for Certified Counselors, \$1.1 million is appropriated for 225 stipends of \$5,000 each.

- **\$417,500 is appropriated for NSPCB certification stipends**

To reimburse school systems for paying the \$2,500 certification stipend to school psychologists who have a credential issued by the National School Psychology Certification Board, \$417,500 is appropriated for 167 stipends of \$2,500 each. The stipend will be fully phased-in at \$5,000 in FY 05-06.

- **\$4.2 million Title XIX increase for the Louisiana Special Education Center in Alexandria**

The Louisiana Special Education Center (LSEC) benefitted from an increase in the per diem reimbursement rate from the Title XIX Medicaid Program and prior year collections. These funds will be used to operate and maintain the new Transitional Life Center, acquisitions, major repairs, and additional operating costs.

- **City of Baker School System Forgiveness of Interest Expense from State Loan**

In FY 99-00, the Baker Independent School District was appropriated a \$400,000 loan for start-up costs. The loan repayment was to begin August 2003. Act 638 (SB 363) of the 2004 Regular Session releases the obligation to pay the interest owed to the state in an amount not to exceed \$76,170 and also deferred the first payment of the remaining loan balance until August 1, 2005.

- **\$1 million is appropriated for the UNO Teleplex**

This is the fourth year of state funding in the Louisiana Educational Television Authority (LETA) operating budget for the UNO Teleplex. The first appropriation occurred in FY 01-02 for \$500,000, a second appropriation was made in FY 02-03 for \$1 million, a third appropriation of \$1 million was made in FY 03-04, and a fourth appropriation of \$1 million in FY 04-05 is for the digital broadcasting and transmitting center, which, when completed, will be owned by UNO.

- **\$500,000 is appropriated for Jobs for America's Graduates – Louisiana (JAG-LA)**

JAG-LA's mission is to assist disadvantaged students who have been deemed at risk of dropping out of school or have already dropped out of school by engaging them in an educational setting that promotes academic and skills attainment so they can receive a high school diploma or GED and enter postsecondary education or a rewarding career. Louisiana conducts an In-School Program and a Drop-Out Recovery Program.

- **\$389,285 is appropriated to LETA for expenses related to The Football Network agreement**

During the prior administration, LETA, the commissioner of administration and the Department of Economic Development entered into a cooperative endeavor to facilitate the location of The Football Network (TFN) in Louisiana. The eight-year payback for acquisitions purchased by LETA for TFN totals \$2.4 million. This is the first year of the payback. In addition, TFN had an outstanding balance of \$630,000 owed to LETA for rental of space and other charges for which no funding has been received.

- **\$468,000 is appropriated for Teach for America**

Teach for America (funded since FY 99-00) is a national teacher corps of outstanding recent college graduates of all academic majors and cultural backgrounds who commit two years to teach in under-resourced urban and rural public schools. Approximately 140 Teach for America corps members will be placed in public schools in the New Orleans area and south Louisiana.



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## HIGHER EDUCATION

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- **\$5 million in Statutory Dedications is appropriated for the Community and Technical College Development Pool**

The Board of Regents received this funding to address instructional needs of the community and technical colleges and the academic learning centers in light of anticipated enrollment increases at those institutions. With implementation of the Master Plan, thousands of students are expected to shift enrollment from four-year universities to community and technical colleges. These funds should address financial issues that may occur as a result of the expected enrollment changes. The amount received by the Board of Regents for this purpose was \$5 million in FY 03-04, which was distributed to individual institutions and incorporated into their base budgets for FY 04-05.

- **\$3 million in State General Fund is appropriated for Health Care Workforce Development, targeting nursing and allied health programs**

These monies in the Board of Regents budget will be used to study and expand participation in areas of Louisiana's health care workforce. Language in the general appropriations bill requires that the Board of Regents collaborate with the Department of Labor and private providers who pay into the Workforce Development Training Account.

- **\$4.6 million in Statutory Dedications is appropriated for Endowed Chairs and Professorships**

Funds will address a growing list of endowed chairs and professorships that are funded by 60% private funds and 40% state funds.

- **\$25.8 million in State General Fund is appropriated for mandated costs, including classified employee merit increases, retirement costs, and group insurance adjustments**

Funding of these expenses will increase the formula implementation rate for the institutions while also allowing other operating funds to be used for instructional purposes.

- **\$500,000 in State General Fund is appropriated to the LSU Health Sciences Centers at New Orleans for faculty recruitment**

Due to the anticipated attrition of several department heads at the LSU Health Sciences Center, the center is in need of funds to recruit faculty and department

heads. Some of these positions may require as much as \$1 million for an individual recruitment package. The centers at both Shreveport and New Orleans shared \$1.5 million for this purpose in FY 03-04.

- **\$5 million in additional State General Fund is appropriated to the LSU Health Sciences Center - Shreveport, and an additional \$1.5 million is appropriated to E. A. Conway Medical Center**

The LSU Health Sciences Center - Shreveport operates a University Hospital and serves a large region in the Shreveport area. The medical school at Shreveport receives over 40% of its budget from the University Hospital's revenues. This additional State General Fund support will allow the medical school to operate more independently and permit the University Hospital to retain its revenues for operational expenditures. E. A. Conway Medical Center is now also under the management of the LSU Health Sciences Center - Shreveport, and the additional funding will help pay for the operations of that hospital.

- **\$3.2 million in Statutory Dedications for the Louisiana Optical Networks Initiative and \$1 million from Self-generated Revenues and Statutory Dedications for connecting Louisiana to the National LambdaRail**

These funds will be used to connect Louisiana to a nationwide high-speed data network, the National LambdaRail. Each lambda connection is capable of carrying data at a rate of ten gigabits per second. Several universities will serve as connection points in the state's integrated data system, including Louisiana Tech University, University of Louisiana - Lafayette, Southern University - Baton Rouge, LSU - Baton Rouge, University of New Orleans, LSU Health Sciences Centers - Shreveport and New Orleans and Tulane University. The goal of these initiatives is to enhance research, education and industry throughout the state.

- **\$700,000 for UNO Marine Transportation Degree Programs**
- **\$350,000 in State General Fund is appropriated to the Center for Development and Learning in the Department of Psychiatry budget of the LSU Health Sciences Center - New Orleans**

The Center for Development and Learning (CDL) is a non-profit organization that specializes in development and dissemination of research, knowledge, training and best practices from diverse fields that impact educational and teaching success. CDL received \$615,000 in FY 02-03 and received an increase of \$310,000 for FY 03-04 for a total of \$925,000. The FY 04-05 appropriation reflects a \$575,000 reduction from FY 03-04. The organization plans to continue to use these funds to link with low performing school districts and work to keep highly qualified teachers in those school districts.

- **\$13.5 million in State General Fund and capital outlay funding is appropriated to higher education for library, instructional, and scientific acquisitions**

Funding for library, instructional, and scientific equipment upgrades will be distributed to public post-secondary education institutions through a plan devised by the Board of Regents. In FY 02-03 and FY 03-04, higher education received \$15 million each year for library and scientific acquisitions through the Capital Outlay Act. In FY 01-02, higher education received \$16.4 million in library and scientific acquisitions through nonrecurring monies in the Higher Education Initiatives Fund.

- **\$250,000 State General Fund and Self-generated Revenues for the Southern University Law Center Evening Program**

This funding will be used to further develop the evening law program at Southern University Law Center. Under the Desegregation Settlement Agreement of 1995, the state agreed to develop this program to increase accessibility to the legal profession. Southern University Law Center is already in the process of applying for approval of the program from the American Bar Association and enrollment may possibly begin in Fall 2004.

- **\$2.4 million State General Fund for Truancy Assessment and Service Centers**

This program is administered by the Louisiana State University School of Social Work for the purpose of providing truancy intervention services for at-risk school-aged children. \$2.4 million of Temporary Assistance to Needy Families (TANF) funding was nonrecurred for FY 04-05 and was replaced with State General Fund.

- **Higher education received legislative authority to increase fees and tuition for FY 04-05**

Increases in State General Fund appropriations for higher education coincide with an annual increase in tuition of 3%, which was approved by the legislature in Act 1117 (HB 2007) of the 2001 Regular Session and is expected to generate about \$15 million annually. For those students receiving an award from the Tuition Opportunity Program for Students (TOPS), this tuition increase will be included in the award.

Also, under Act 788 (HB 1062) of the 2004 Regular Session, all of the systems of higher education received approval by the legislature to charge students an additional operational fee of 4% beginning in Fall 2004. The 4% operational fee will generate about \$18 million annually. For those students receiving an award from the Tuition Opportunity Program for Students (TOPS), this fee increase will not be paid. This fee increase is in addition to a 3% increase previously approved.

- **Total capital outlay funding of \$766.4 million is provided for higher education institutions**

This funding provides for planning, construction, renovation, and equipment and property acquisitions for higher education institutions, including the new and existing initiatives discussed above. Cash and bond funding of this amount includes the following:

\$	7.4 million	SGF (Direct) Nonrecurring Revenues
\$	71.1 million	Fees and Self-generated Revenues
\$	5.0 million	Federal Funds
\$	242.3 million	Revenue Bonds
\$	247.6 million	Priority 1
\$	10.8 million	Priority 2
\$	6.8 million	Priorities 3 and 4
\$	175.4 million	Priority 5

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## HEALTH AND HOSPITALS

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The Executive Budget recommended funding of \$6.2 billion for the Department of Health and Hospitals (DHH), an increase in total funds from FY 03-04 of approximately \$277 million. The increase was primarily in Medicaid payments to providers, which received an additional \$258 million.

The final budget for DHH passed by the legislature provided funding of over \$6.4 billion. Primarily using additional funds identified in May by the Revenue Estimating Conference, legislative actions focused on increasing spending in the Medicaid Private Provider Program and other areas in which DHH identified significant shortfalls, including the Office of Public Health (OPH) and rural mental health services.

### **Medicaid**

FY 04-05 Medicaid spending for health care services is \$5.2 billion. This is approximately \$376.7 million, or 7%, more than payments for health care services in FY 03-04.

The legislature approved the following additions to address specific program and access issues in the Private Provider Program:

- \$40 million for payment of “outlier” costs to hospitals. The actual increase in FY 04-05 will be approximately \$23 million due to payments that will be made to hospitals for costs incurred in FY 03-04.
- \$76.3 million to rebase nursing home reimbursement rates.
- \$7.4 million for paying hospital cost reports.
- \$79.1 million for costs associated with increased utilization of Medicaid services, including pharmacy services.
- \$2 million for the expanded Dental Services for Pregnant Women Program.
- \$3 million in additional funding to Federally Qualified Health Centers (FQHC).
- \$1.8 million to increase reimbursement rates for the Dental/EPSTD Program.
- \$7.1 million for additional costs associated with additional rural health clinics.
- \$3.7 million for 66 emergency slots in the New Opportunities Waiver (NOW) Program. Funding will provide services for less than a full fiscal year, based on the time needed to open the slots and enroll individuals.

- \$2.6 million for increases in the reimbursement rate for pediatric dental services.
- \$8.3 million for increased costs associated with inpatient mental health services. The actual increase in FY 04-05 will be around \$4 million due to partial implementation of increases in FY 03-04.

Total funding of \$1.7 million was added to the Medicaid Administration Program and the Medicaid Payment Program to fund additional development and implementation of the Health Insurance Flexibility and Accountability (HIFA) waiver. Funding allows for the hiring of five additional positions to expand DHH's current Health Insurance Premium Payment (HIPP) Program that provides a subsidy for low-income workers to take up existing employer-sponsored insurance. Additional components of the HIFA waiver implementation include:

- The Department of Insurance LaChoice Program that will make it more affordable for small employers to provide health insurance.
- Draw down of federal funds for low-income enrollees in the Louisiana Health Plan, a state funded program for individuals denied individual coverage because of previous medical conditions.

An additional \$26 million over FY 03-04 is appropriated for premium increases in the Medicare Part A and B Buy-In Program. The Medicare Buy-In Program is for low-income individuals who have Medicare. Medicaid funds are used to subsidize payment of Medicare premiums, and increases in premiums are federally mandated.

For FY 04-05, there is a 16% upward adjustment in the Louisiana Federal Disproportionate Share (DSH) cap as authorized by federal Medicare legislation that began in FY 03-04. The federal changes allow for approximately \$100 million additional federal DSH dollars, provided the state can produce matching funds. The state is able to receive the additional federal dollars in FY 04-05 due to additional state match acquired through a financing mechanism known as certification. Certification is a process that allows a public hospital to certify that money is spent on additional Medicaid and allowable indigent care related services in the state hospitals and allows the state to use the certified amount to draw down federal dollars.

After FY 04-05, the state will no longer be able to use certification to acquire additional matching dollars because federal law will no longer permit the use of federal DSH funds to overpay public hospitals for indigent care costs. As a result, certification of state hospital expenditures will not be a viable financing mechanism.

Given the availability of the increased federal DSH cap in FY 03-04, UCC Program spending on services for indigent care in FY 04-05 is roughly equal to spending in FY 03-04.

## **Financing**

State match for FY 04-05 will be partially generated from several financing mechanisms:

- **\$219 million** Additional state match generated using a process that certifies money spent on Medicaid related services in state hospitals and allows the state to use the certified amount as match to draw down additional federal dollars. Certification is being used as an alternative to a plan that used Intergovernmental Transfers (IGT); however, both plans involve payment in excess of allowable UCC to state hospitals. FY 04-05 is the last year which the payment in excess of allowable UCC to state hospitals can be used.
- **\$36 million** Additional state match from the use of excess Upper Payment Limit (UPL) payments made to public non-state hospitals or the aggregate non-reimbursable Medicaid cost for all non-state public hospitals in the state. The Centers for Medicare and Medicaid Services (CMS) allows states to pay one or more public hospitals this aggregate overpayment rate and then ask for it to be returned so that the state can use it as state match to draw down additional federal funding.
- **\$37.2 million** Additional state match generated from use of the overpayment of allowable UCC payments in FY 03-04. The funds are carried over to finance the Medicaid Program in FY 04-05.

## **New Human Service Districts**

Legislation in the 2003 Regular Session created two new Human Service Districts in addition to the previously established districts in Jefferson Parish and the Baton Rouge area. Funding and positions for the two new districts, in the New Orleans area and in the Florida Parishes, are transferred from the state offices previously responsible for delivering mental health, addictive disorders, and developmental disability services in these areas of the state.

Additional funding of \$200,000 for administrative needs was added through House Committee actions for each of the two new districts.

## **LSU - Health Care Services Division (Charity Hospitals)**

- **\$60 million in State General Fund, UCC, and Medicaid**

The hospitals of the LSU - Health Care Services Division (HCSD) were appropriated 100% of their requested needs. According to information presented by HCSD, the additional funding of about \$60 million should prevent further reductions of service in FY 04-05. Of the State General Fund appropriated, \$350,000 was appropriated for breast and cervical cancer screening, which may also allow for matching with federal

dollars. The table below demonstrates the initial budget of HCSD for FY 03-04 and the total appropriated for FY 04-05.

<b>LSU - Health Care Services Division</b>		
<b>Item Description</b>	<b>FY 03-04 Budgeted</b>	<b>FY 04-05 Appropriated</b>
State General Fund	\$67,953,715	\$27,765,870
Medicaid	\$217,467,770	\$230,515,837
Uncompensated Care	\$368,214,601	\$463,450,619
Other	\$121,515,682	\$124,832,420
<b>Total Means of Financing</b>	<b>\$775,151,768</b>	<b>\$846,564,746</b>

The LSU Board of Supervisors must approve the final allocation of funds appropriated to the HCSD hospitals. However, the legislature did specify in the HCSD appropriation that certain items were to be restored, including \$3.2 million for the dental clinic at the Medical Center of Louisiana - New Orleans (Big Charity), \$1.1 million for oral surgery services at Earl K. Long Medical Center, and \$439,000 for the dental clinic at Huey P. Long Medical Center.

- **Total capital outlay funding of about \$729 million is provided for hospitals in the LSU Health Care Services Division**

This funding provides for planning and construction for hospitals in the LSU Health Care Services Division. The majority of the funding authorizes the issuance of revenue bonds for a new Medical Center of Louisiana - New Orleans ("Big Charity"), a new Huey P. Long Medical Center, and a new University Medical Center - Baton Rouge.

\$	2.6 million	Fees and Self-generated Revenues
\$	706.7 million	Revenue Bonds
\$	7.4 million	Priority 1
\$	1.2 million	Priority 2
\$	3.7 million	Priorities 3 and 4
\$	7.6 million	Priority 5

### **Office of Public Health**

- **\$8.5 million in additional funding to meet anticipated enrollment in the Early Steps Program**

Early Steps is an entitlement program and must be available to any eligible child. Additional funding was needed based on a projected increase in the number of eligible children. DHH expects to serve 6,000 children by December 2004.



The Early Steps Program was transferred from the Department of Education to OPH beginning July 1, 2003. Additionally, funding previously in the Office of Citizens with Developmental Disabilities used for the Early Steps Program was consolidated in OPH in FY 04-05.

### **Office of Mental Health**

- **\$4 million for restoration of funding for the Early Childhood Supports and Services (ECSS) Program providing support and services to children ages 0-5 at risk of developing behavioral difficulties**

\$2.75 million in State General Fund will be appropriated to satisfy the maintenance of effort in the TANF Program and an additional \$1.25 million will be pooled from various DHH agencies. This amount is approximately \$1 million above FY 03-04 funding. The additional funds will be used to expand the program.

- **\$4 million in additional funds to avoid closure of 11 rural mental health clinics throughout the state, including:**
  - \$606,000 to prevent closure of three clinics in central and north Louisiana.
  - \$2.26 million to prevent closure of five clinics in south central Louisiana.
  - \$1.2 million to prevent closure of three clinics in southeast Louisiana.
- **\$4.6 million in additional funds to avoid loss of adult and adolescent psychiatric services throughout the state, including:**
  - \$1.2 million at Central Louisiana State Hospital in Pineville.
  - \$1.2 million at East Louisiana State Hospital in Jackson.
  - \$2.2 million for adolescent services at Southeast Louisiana Hospital in Mandeville.

### **Office of Addictive Disorders**

- **\$4.1 million for restoration of funds to provide non-medical substance abuse treatment services for women with dependent children**

\$2.25 million in State General Fund, appropriated to satisfy the maintenance of effort in the TANF Program, was added through House Committee action and the Senate added an additional \$1.9 million. Total funding for the program is at the FY 03-04 funding level.

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## **SOCIAL SERVICES AND TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF)**

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### **Social Services**

- **\$2 million is appropriated in State General Fund (\$1 million) and Federal Funds (\$1 million) for residential care reimbursement for children in custody of the department**
- **\$1 million is appropriated in State General Fund for legal fees for indigent parents of children in legal system**
- **\$75,000 million is appropriated in State General Fund for marketing of the Safe Haven Initiative**

The Safe Haven Initiative refers to a designated emergency care facility where a parent may anonymously leave his/her infant child, with the intent of placing the child for adoption, without fear of prosecution. The relinquishing parent has 30 days to seek to reclaim parental rights of the infant.

- **\$127,200 is appropriated in State General Fund for additional funding for personal care attendant services**

A personal care attendant (PCA) is an individual who provides personal care to a person with a very severe disability by providing assistance with activities of daily living that the individual would typically perform if the individual did not have a disability. The additional funds will provide for more PCA's so that additional clients can be assisted. Total funding for FY 04-05 is \$316,480.

### **Temporary Assistance to Needy Families (TANF)**

- **\$98 million in Federal Funds is appropriated to support core DSS TANF activities**

During FY 02-03 the federal TANF block grant was reauthorized for one year. Currently Congress is debating the five-year reauthorization plan and continues to temporarily reauthorize the block grant as needed. The principle elements of the TANF reauthorization plan are: (1) increased work requirements for all families; (2) changes to "countable" participation activities and requiring that 24 hours include "direct work" activities; (3) implementation of a "universal engagement" plan for all families receiving aid; (4) increasing state welfare-to-work participation rates to 70% by FY 06-07; and (5) replacing the caseload reduction credit with employment credit, whereby recipients who exit with income may be counted towards state participation.

In FY 03-04, to comply with the new federal guidelines, the Department of Social Services (DSS) reorganized the FINDWORK Program (Act 58 of the 2003 Regular Session). The new program, "Strategies to Empower People" (STEP), emphasizes a case management approach within DSS and involves the Workforce Commission and the Department of Labor in the effort to move people from welfare to work.

The following are the DSS FY 04-05 core TANF activities budgeted:

- **\$65.5 million for Cash Assistance Payments**  
This allocation represents a \$3.5 million reduction from FY 03-04.
- **\$16 million for STEP Activities and Support Services**  
STEP assists Family Independence Temporary Assistance Program (FITAP) recipients with educational, training, and work-related activities designed to lead to employment and self-sufficiency. To facilitate attendance and successful completion of these activities, the program provides supportive services when needed such as childcare, transportation, eyeglasses, and other items necessary for training or employment.
- **\$16.5 million for Administration**  
Funds assist DSS in the maintenance of the core TANF activities.
- **\$48.5 million in Federal Funds is appropriated to support additional TANF Initiatives**

In FY 01-02, a large balance of unused TANF block grant funds for Louisiana was identified. This prompted the expansion of existing TANF programs and the creation of new programs for FY 01-02 and FY 02-03. Each of these programs must comply with federal requirements and meet one of the following TANF goals: (1) to provide assistance to needy families; (2) to end the dependence of needy families by promoting work, job preparation, and marriage; (3) to reduce out-of-wedlock pregnancies; and (4) to encourage the formation and maintenance of two-parent families. FY 03-04 represented the last year of spending down the large balance. FY 04-05 funding is \$48.5 million. FY 04-05 TANF initiatives include the following:

- **\$35 million for Public Pre-K**  
The LA-4 Program, administered by the Department of Education, provides high quality early childhood education for low-income four-year-olds in participating school districts. \$17 million is funded by TANF and \$18 million is State General Fund. This allocation represents a \$4 million decrease from FY 03-04.

- **\$8.5 million for Non-Public Pre-K**  
This program, administered by the Office of Community Programs in the Governor's Office, provides for coordination of high quality early childhood education for low-income four-year-olds in non-public schools in New Orleans, Lafayette, Shreveport, and Baton Rouge, and other localities with identified capacity to offer programming through non-public schools. This allocation represents no change from FY 03-04.
- **\$9.5 million for After-School Education/Enhancement Programs**  
This program, administered by the Department of Education, is to provide high quality after-school education and enhancement programs for school-age children through qualified community-based organizations. This allocation represents no change from FY 03-04.
- **\$5.5 million for Teen Pregnancy Prevention**  
This program, administered by the Department of Education, provides teen pregnancy prevention initiatives. This allocation represents a \$1 million reduction from FY 03-04.
- **\$3 million for Court Appointed Special Advocates (CASA)**  
This program, administered by the Louisiana Supreme Court, provides court appointed special advocates to needy children. This allocation represents a \$1.8 million reduction from FY 03-04.
- **\$5 million for Drug Courts**  
This program, administered by the Louisiana Supreme Court, provides non-medical substance abuse services for low-income parents and juveniles. This allocation represents no change from FY 03-04.
- **\$4.16 million for Substance Abuse Initiatives for Women**  
This program, administered by the Department of Health and Hospitals, Office of Addictive Disorders, provides non-medical substance abuse treatment for women with minor children. Funding is State General Fund to fulfill the TANF maintenance of effort requirement. This allocation represents no change from FY 03-04.
- **\$2.75 million for Early Childhood Intervention**  
This program, administered by the Department of Health and Hospitals, Office of Mental Health, provides early childhood prevention and intervention non-medical services focusing on mental health supports for at-risk children ages 0-5 and their families. Funding is State General Fund to fulfill the TANF maintenance of effort requirement. This allocation represents a \$1 million increase from FY 03-04.

➤ **The following FY 03-04 TANF Initiatives have been eliminated:**

Pre-GED Dropout Prevention	\$4.5 million
Adult Literacy Initiatives	\$1.5 million
Education and Training Services	\$11.75 million
Truancy Program	\$2.4 million
Micro-Enterprise Development	\$641,000
Training Opportunities for Incarcerated Parents	\$2 million
Post-Release Skills Program	\$4.5 million
Domestic Violence (\$800,000 SGF in Office of Women's Policy)	\$3.16 million
Community Response Initiative	\$3 million
Parenting Initiatives for low-income fathers	\$750,000
Family Strengthening Initiatives	\$500,000
Abortion Alternative Services	\$1.5 million

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## TRANSPORTATION

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State transportation funding is financed primarily by taxes on gasoline and special fuels and vehicle license fees. The Department of Transportation and Development's (DOTD) operating budget is stable, but more must be spent on salary and related benefits and less on operating services and new equipment

- **\$650,000 is appropriated as pass-through funding for local public works authorities**

- \$ 100,000 Louisiana Airport Authority (\$425,341 in FY 03-04)
- \$ 250,000 Lafayette Expressway Commission (\$285,000 in FY 03-04)
- \$ 50,000 Poverty Point Reservoir Commission (\$50,000 in FY 03-04)
- \$ 75,000 Zachary Taylor Parkway Commission (New in FY 04-05)
- \$ 50,000 Fifth Louisiana Levee District (\$150,000 in FY 03-04)
- \$ 25,000 Evangeline Parish (New in FY 04-05)
- \$ 100,000 West Baton Rouge Parish (New in FY 04-05)

- **DOTD Managed Capital Outlay Projects**

The Capital Outlay Act reflects the following appropriations for DOTD's various programs:

Highway Priority Program	\$ 638,300,000
Hazard Elimination Projects	\$ 18,000,000
TIMED Program	\$ 61,900,000
Statewide Flood Control Program	\$ 10,000,000
Port Construction and Development Program	\$ 20,000,000
Aviation Improvements Program	\$ 7,160,000
All Other, Including Bond Projects	<u>\$ 424,154,672</u>
Total DOTD Managed Construction Projects	<u>\$ 1,179,514,672</u>

DOTD's approved Highway Priority Program reflects slightly different totals, but provides more detail on the allocation of these funds into different categories. The FY 04-05 values in the following table exclude the bond projects indicated above.

<b>DOTD – Highway Priority Program</b> <b>Allocation of Highway Priority Program Spending</b> <b>(Estimated for Programming Purposes)</b>			
\$ Million			
	FY 02-03	FY 03-04	FY 04-05
<b>Preservation Projects</b>			
Non-Interstate (Pavement)	\$125.0	\$105.0	\$143.6
Interstate (Pavement)	\$50.0	\$45.0	\$48.2
Bridge (On System)	\$88.1	\$66.0	\$82.7
Bridge (Off System)	\$15.0	\$15.0	\$18.2
Operations Projects	\$28.5	\$34.2	\$36.7
Safety Projects	\$44.1	\$33.0	\$41.0
<b>Capacity Expansion Projects</b>			
Regular Program	\$114.7	\$92.0	\$109.5
TIMED Program	\$70.0	\$225.0	\$228.0
<b>Other Projects</b>			
Federal Enhancement Projects	\$11.0	\$8.8	\$9.6
Urban Systems, Construction Mitigation and Air Quality	\$49.5	\$36.0	\$52.0
Federal Earmarks and Demonstration Projects	\$27.5	\$17.5	\$69.9
<b>TOTAL</b>	<b>\$622.9</b>	<b>\$687.5</b>	<b>\$839.4</b>

- **Other Priority Programs**

DOTD will use cash management to control total outlays for the state's port and flood control priority programs. The Port Construction and Development Program appropriation of \$20 million will be used to support existing projects and authorize new projects not to exceed \$20 million. This is the same amount as in FY 03-04. The Statewide Flood Control Program appropriation of \$10 million will continue existing projects and allow new projects not to exceed \$10 million. This is unchanged from FY 03-04. The State Aviation and Airport Improvements Program will receive TTF funds of \$5.4 million, which is about \$1 million less than FY 03-04. It also receives TTF – Federal and bond funds of \$1.7 million, for a total of \$7.1 million for continuing and new aviation projects in FY 04-05.

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## MILITARY AND VETERANS AFFAIRS

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### Military Affairs

- **\$36 million in Federal Funds is appropriated to the Office of Emergency Preparedness for Law Enforcement Terrorism Prevention**

Through the Department of Homeland Security under the Office for Domestic Preparedness, the State of Louisiana has been awarded Federal Funds for equipment, training, planning, and facilitating exercises for first responders involving chemical, biological, radiological, nuclear, and explosive (CBRNE) related events. For federal grant years 2003 and beyond, the Louisiana Office of Homeland Security and Emergency Preparedness (LHSEP) serves as the State Administrative Assistant and administers the management of the training, exercise, planning, and administrative funds. Through an interagency agreement, the Louisiana State Police maintains the management of the equipment portion of the funding.

Budget authority in the amount of \$21 million will be carried forward from FY 03-04 to allow local parishes to purchase first responder emergency equipment. Two new federal grants, the Law Enforcement Terrorism Prevention Program (\$8 million) and the Urban Area Security Initiatives in Baton Rouge (\$7 million) were awarded this year. These grants will enhance law enforcement's ability to prevent, deter, respond to, and recover from threats and incidents of terrorism.

### Veterans Affairs

- **\$4.7 million is appropriated to the Department of Veterans Affairs for the Southwest Louisiana War Veterans Home**

The total appropriation for the Southwest Louisiana War Veterans Home is \$2.9 million in State General Fund, \$789,000 in Self-generated Revenues, and \$990,000 in Federal Funds. The Southwest Louisiana War Veterans Home is a new 165-bed facility that will be located in Jennings, Louisiana. Scheduled to open in July 2004, this facility will join with the Louisiana War Veterans Home in Jackson and the Northeast Louisiana War Veterans Home in Monroe in an attempt to meet the growing long-term healthcare needs of Louisiana's war veterans. These three facilities will have a combined capacity of 516 beds.



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## PUBLIC SAFETY AND CORRECTIONS

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### Corrections Services

- **\$152 million was appropriated for Sheriffs' Housing of State Inmates**

Per R.S. 15:824(B), the state pays local sheriffs \$22.39 per inmate per day to house adult state inmates in local jails. In FY 03-04, \$147.8 million was initially appropriated for sheriffs' payments and another \$4.3 million was added in the supplemental appropriations bill, for a total cost of \$152 million. The state has approximately 36,000 adult inmates of whom 16,700 are housed in local jails.

- **\$13.8 million was appropriated to the David Wade Correctional Center for a substance abuse treatment center for 250 inmates at the recently closed Swanson Correctional Center for Youth (CCY) – Madison Parish Unit at Tallulah**

This money will be used to fund 155 positions and the operational and start-up costs associated with the creation of the Steve Hoyle Rehabilitation Center, a substance abuse rehabilitation facility that will house approximately 250 inmates in Tallulah, Louisiana. The department plans to use the abandoned Swanson CCY facility that was previously used to house juvenile offenders.

- **\$2.3 million was transferred from the Health Care Services Division to the Dixon Correctional Institute for kidney dialysis services**

This transfer will enable Corrections Services to consolidate on-site dialysis treatment of inmates through a competitively priced private provider. The Department of Corrections will be able to eliminate some costs and lower the public safety concerns that are associated with transporting inmates to Earl K. Long Hospital in Baton Rouge and the Medical Center of Louisiana in New Orleans for dialysis treatment.

- **\$1.1 million was appropriated from the Louisiana Community and Technical College System (LCTCS) to adult correctional institutions to assist with reinstatement of GED and developmental studies programs cancelled by LCTCS in FY 03-04**

In FY 03-04, the LCTCS cancelled adult basic education and GED programs because they were not part of its core mission. This appropriation will assist the Department of Corrections in partially restoring these programs which have been shown to help lower recidivism rates by up to 12% in the first two years after an offender's release and approximately 5% four years after an offender's release.

- **\$921,000 was appropriated for a 192-bed expansion at the Louisiana Correctional Institute for Women (LCIW)**

This additional 192-bed cellblock expansion will increase the operational capacity of LCIW from 900 to 1,092.

- **\$826,000 was appropriated for a 80-bed dorm expansion at David Wade Correctional Center**

This 80-bed dorm expansion will increase the operational capacity of David Wade Correctional Center from 1,660 to 1,740.

- **\$611,200 was appropriated for a 200-bed revocation program in Probation and Parole**

Probation and Parole plans to use this appropriation to continue operation of a federally funded pilot residential Revocation Center that was opened in 2003. This 200-bed revocation program seeks to divert approximately 800 of the 4,000 technical probation and parole violators each year into a short-term program (60-90 days) in lieu of having these technical violators return to prison for an average stay of two years. Substantial savings are possible without compromising public safety if some of these violators can be diverted to this program and then returned to community supervision following satisfactory completion. Savings based on varying rates of successful completion of the program are estimated to range from \$600,000 to \$5 million per year. Diversion of probation/parole violators to the Revocation Center will also free bed space at secure facilities to house more violent offenders.

### **Youth Services**

- **\$5.5 million of state funding was transferred from Adult Corrections to Youth Services associated with the closure of Swanson CCY – Madison Parish Unit at Tallulah**

\$3.6 million in State General Fund was transferred for Youth Contract Services from the savings from Special School District #2 associated with the closure of Swanson CCY - Madison Parish Unit at Tallulah. Another \$1.9 million was transferred from the Swanson budget to the Contract Services Program to increase community-based services for juveniles.

- **\$2.8 million in state funding was transferred from Adult Corrections for health insurance funding for Youth Services retirees**

This funding was transferred from the Adult Corrections budget to the Youth Services budget for administrative health insurance costs for Youth Services retirees.

- **\$2.6 million in interagency transfer funding from Adult Corrections to Youth Services for administration of juvenile grants**

Funding and the associated 32 positions were transferred to provide for activities related to the administration of juvenile grants.

- **\$1.2 million was appropriated in interagency transfer budget authority for Federal Title-IVE Funds associated with increases in contract per diems and funding for additional beds**

This is interagency transfer budget authority for Federal Title-IVE Funding, which reimburses states for costs associated with the residential care of eligible children. Youth Services receives this interagency funding from the Office of Community Services in the Department of Social Services.

- **\$1.2 million state funding appropriated for additional community-based services for juveniles**

Due to the closure of Swanson CCY – Madison Parish Unit, additional funding was appropriated to provide for increased community-based services for juveniles. In FY 03-04, Youth Contract Services had a \$27 million operating budget comprised of \$16.5 million in residential programs, \$1.1 million in shelters, \$6.2 million in non-residential programs, \$1.6 million in detention centers, and \$1.9 million in other programs.

### **Public Safety Services**

- **\$6.3 million increase in state funding for an increase in Louisiana State Police (LSP) retirement contributions**

LSP retirement contributions increased by \$6.3 million to \$27 million for FY 04-05. This substantial increase was the result of the \$15.6 million salary increase in FY 02-03 and poor investment returns of the state police retirement funds. The increase was funded with Transportation Trust Funds (\$2.6 million), increased Self-generated Revenues (\$500,000), and an adjustment in the method in which driver's license fees are credited to the retirement system (\$3.2 million).

- **\$3.3 million of State General Fund was appropriated to the State Police Crime Lab for DNA testing of arrestees**

Act 487 of the 2003 Regular Session provided for the taking of DNA samples from any person who is arrested for, convicted of, or enters into a plea agreement resulting in a conviction of a felony and certain enumerated misdemeanors. The LSP Crime Lab has contracted out the DNA testing at an average cost of \$38.50 per DNA analysis and plans to analyze approximately 85,000 of the estimated 125,000 persons who are arrested for felonies each year.

- **\$2.4 million in Federal Funds was appropriated for the LSP Crime Lab to perform no-suspect DNA analysis**

This federal grant was awarded to help Louisiana's crime labs reduce the backlog of DNA analysis on no-suspect cases. Half of the funding will be used to purchase DNA equipment for the LSP Crime Lab and the five other crime labs throughout the state. The remainder of the funds will be used for casework on no-suspect DNA samples. Due to the complexity of these crude DNA samples, the average cost per case is between \$600 to \$1,000. The LSP Crime Lab plans to analyze approximately 500 cases in-house and to outsource DNA work on 300 cases to private labs.

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## ECONOMIC DEVELOPMENT

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- **\$2.4 million in State General Fund is appropriated for the Louisiana Technology Park**

The Technology Park allocation represents a \$1.9 million reduction from FY 03-04 funding of \$4.3 million, which represents the fifth year of a seven-year state commitment. The Research Park Corporation has acquired Bon Carre', which is the development in which the Technology Park is located. This will not affect the Technology Park's operation but only improve the surrounding development. The park includes an advanced commercial data center, a high-tech business incubator, and a teacher computer training facility.

- **\$10 million in State General Fund is appropriated for the Governor's Economic Development Rapid Response Program to provide a rapid response capability for securing economic development opportunities for the state**
- **\$3.5 million in Statutory Dedications is appropriated for the Northrop Grumman/Avondale project**

Funding represents the second year of a 20-year state commitment, which is a cooperative endeavor agreement between the Department of Economic Development, Department of Labor, Division of Administration, Louisiana Community and Technical Colleges System, and Northrop Grumman Ship Systems. Funds will be used to pay debt service on infrastructure projects.

- **\$1.9 million in State General Fund and \$19.15 million in capital outlay funding are appropriated for the Louisiana Gene Therapy Research Consortium**

The Louisiana Gene Therapy Research Consortium (LGTRC) was formed by a cooperative endeavor between Louisiana institutions of higher education to: 1) increase gene therapy research, 2) increase jobs and training in biotechnology, and 3) educate the public in genetics and gene therapy. This funding will provide for operating expenses during the second year of the new Good Manufacturing Process (GMP) gene therapy lab. Capital outlay funding includes \$7.45 million in Priority 1 and \$11.7 million in Priority 5 bond funding.

- **\$500,000 in State General Fund is appropriated for the National Center for Security Research and Training**

Louisiana State University recently created the National Center for Security Research and Training (NCSRT). NCSRT will work with other members of the LSU System, Louisiana state government, other Louisiana universities/colleges and with private

industry to secure funding for research and training projects that will strengthen Louisiana's ability to respond to acts of terrorism and to allow Louisiana to remain one of the leaders in anti- and counter-terrorism research and training.

- **\$2.2 million in State General Fund is appropriated for operating expenses of the New Orleans, Shreveport and Baton Rouge wet labs**

A capital outlay appropriation of \$18 million in FY 03-04 and continued in FY 05-05 provides funding for the state to establish a network of three wet lab incubators in Shreveport, Baton Rouge, and New Orleans. \$2.2 million in State General Fund is appropriated for operating expenses of these wet labs.

- **\$18 million in capital outlay funding is appropriated for the Acadiana Immersion Technology Center (ACITC)**

The capital outlay appropriation provides funding for the Acadiana Immersion Technology Center (ACITC) to develop and manage a technology center to support companies that are leaders in high technology, technology-related activities, commercial and government research, and educational activities. The center will be situated within a 400-acre university complex containing existing federal, state, and local research facilities, horticultural centers, parks, a domed arena, a convention center, and an athletic facility in Lafayette. Bond funding includes \$9.5 million in Priority 1 and \$8.5 million in Priority 5.

- **\$6.7 million in capital outlay funding is provided for EDAP**

These funds are for infrastructure projects to assist the state in securing business deals that would benefit economic development efforts. Funding includes \$2.27 million in State General Fund nonrecurring revenues and \$4.3 million in Priority 2 bond funding.

- **\$1.82 million in State General Fund is appropriated for the Sugar Bowl, the Independence Bowl, and the New Orleans Bowl**

The Sugar Bowl is funded at \$1.1 million, the Independence Bowl is funded at \$372,000, and the New Orleans Bowl is funded at \$347,000, which is the same level of funding as in FY 03-04.

**Pass-through funding:**

- **\$235,000 is appropriated as pass-through funding for the economic development efforts of city governments throughout the state**
- **\$785,000 is appropriated as pass-through funding for events and festivals that will encourage economic development throughout the state**

- **\$3 million is appropriated as pass-through funding to assist local economic development projects**
- **Louisiana Economic Development Corporation (LEDC) loan for the New Orleans Saints**

The LEDC was authorized by Act 585 (HB 619) of the 2004 Regular Session to loan the Louisiana Stadium and Exposition District an amount not to exceed \$7.5 million from the Louisiana Economic Development Fund to pay the contractual obligations of the district relative to professional sports franchises. The loan is authorized for a period not to exceed eight years and is to be repaid from revenues of the district above the amount of such revenues in FY 04-05 adjusted for inflation.

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## TOURISM AND CULTURAL DEVELOPMENT

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- **\$1.9 million is appropriated for the Louisiana Library Connection**

These funds are used to increase Internet and database access in local libraries by using existing state fiber-optic networks to take advantage of telecommunications discounts available to libraries.

- **\$1.5 million is provided to maintain state aid to local libraries**

These funds are used for acquisition of computer and telecommunications technologies by local libraries, including further automation of library operations. They may also be used for the acquisitions of books, audiovisual materials, newspapers, and periodicals. This is the same level of funding as in FY 03-04.

- **\$4.3 million is appropriated for the Arts Grants Program (\$3.8 million in State General Fund)**

These funds are used to support established arts institutions, nurture emerging arts organizations, assist individual artists, encourage the expansion of audiences, and stimulate public participation in the arts.

- **\$3 million in capital outlay funding is provided for welcome centers**

These funds will be used for the expansion, planning, and construction of various state welcome centers, including Slidell, Mound, and Rapides Parish. Total funding includes \$2.5 million in Priority 1, \$50,000 in Priority 2, and \$450,000 in Priority 5.

- **\$48.5 million is appropriated in the capital outlay budget for museums in the Department of Culture, Recreation and Tourism and the Secretary of State**

These funds will be used for the planning, construction, repair, and improvement of various state and local museums, including \$7.9 million for the Louisiana State Capitol Park Museum, \$5.6 million for the Louisiana Sports Hall of Fame Museum, \$4.1 million for the Civil Rights Museum, and \$7.6 million for renovation of the Old State Capitol. Total funding includes \$23.7 million in Priority 1, \$1.5 million in Priority 2, \$3.2 million in Priority 3, \$3.2 million in Priority 4, and \$17 million in Priority 5.



- **\$98.4 million is included in the capital outlay budget for state parks and historic sites**

These funds will be used for the planning, construction, repair, improvement, and acquisition of various state parks and historic sites. Funding includes \$4.4 million from the State Parks Improvement and Repair Fund for preventive maintenance and bond funding of \$39.5 million in Priority 1, \$6.6 million in Priority 2, \$1.7 million in Priority 3, \$1.7 million in Priority 4, and \$44.4 million in Priority 5.

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## AGRICULTURE AND FORESTRY

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- **\$23.9 million in Statutory Dedications is appropriated for the Boll Weevil Eradication Program for the seventh year in the Red River Region and the sixth year in the Northeast Region**

Of the \$23.9 million, \$9 million is to be used for the Northeast Eradication Zone, and \$2.9 million will be used for the Red River Eradication Zone. For the Northeast Eradication Zone, \$3 million will come from farmers (\$6 per acre fee), and \$6 million will come from the proceeds of a bank loan from Hibernia National Bank. Of the \$2.9 million for the Red River Eradication Zone, \$600,000 will come from the farmers (\$6 per acre fee) and \$2.3 million from the loan. The remaining \$12 million is from the Pari-mutuel Live Racing Facility Gaming Control Fund (slots at the tracks), which is budgeted for the debt service payment on the Hibernia loan.

- **\$1 million in Statutory Dedications is appropriated from the Formosan Termite Initiative Fund**

The balance of the Formosan Termite Initiative Fund is being appropriated for FY 04-05. No additional money has been deposited into the fund.

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## GENERAL GOVERNMENT

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### Executive Department

- **\$8.5 million in State General Fund was appropriated to the Office of Urban Affairs and Development**

Agencies and organizations receiving these funds must apply to the Governor's Office of Urban Affairs and Development. These funds are used for inner-city programs which feed the elderly, tutor at-risk youths, prevent teen pregnancy, assist minority business development, provide housing for low-income families, and beautify inner-city neighborhoods.

- **\$7.6 million in State General Fund was appropriated to the Office of Rural Development**

These funds are used for rural development and revitalization programs, including economic development, employment, local government services and management, business, agriculture, environment, land use and natural resources, human services and community life, health care, education, transportation, community facilities, and housing. Rural areas are parishes having less than 100,000 population or municipalities having less than 25,000 population. Rural grants are awarded on a quarterly basis after an application review and approval process.

- **\$1.5 million in State General Fund was appropriated to the District Assistance Program at the Louisiana Indigent Assistance Board**

This funding will supplement the Louisiana Indigent Assistance Board's (LIAB) \$7.8 million budget by allowing the board to provide formula grants in the amount of \$1 million to the district indigent defender boards based on caseload, income, reserve funds, and number of jury trials. An additional \$500,000 in State General Fund was appropriated to the LIAB for trial, appellate, and post conviction services to indigent defendants in capital cases, in accordance with R.S. 15:152(D)(3), provided, however, that any distributions to the regional centers be allocated on an equitable basis.

- **\$1.5 million in State General Fund was appropriated to the Supreme Court for additional operating and security costs**

An additional \$1 million was added to the Division of Administration's budget for the cost of operating the new Supreme Court building on 400 Royal Street in New Orleans. An additional \$500,000 was added to provide security for the Supreme Court, including nine positions and five contractual security guards.

- **\$1 million in State General Fund was appropriated to the Office of Elderly Affairs for the expansion of the Senior Rx Pilot Program**

Louisiana Senior Rx Program helps to link eligible seniors with assistance for obtaining their prescription medications. This program helps seniors age 60 and over, who do not have insurance that helps pay for medications, complete applications to drug companies for free medicines or drug discount cards. These funds will be used for additional contractors to cover the remaining parts of the state not now covered by the current pilot program.

- **\$7.5 million was authorized to be loaned from the Louisiana Economic Development Fund by the Louisiana Economic Development Corporation (LEDC) to the Louisiana Stadium and Exposition District (LSED) to fund contractual obligations of the district for professional sports franchises**

To assist the state in meeting its contractual obligations to the New Orleans Saints, the legislature provided (Act 585 of the 2004 Regular Session) that the Louisiana Economic Development Corporation execute a loan from the Louisiana Economic Development Fund to the Louisiana Stadium and Exposition District in an amount sufficient for the district to pay contractual obligations of the district relative to professional sports franchises. The amount of the loan shall not exceed \$7.5 million for a period not to exceed eight years. The repayment of the loan is to be from revenues of the district above the amount of such revenues in FY 04-05 adjusted for inflation.

### **Secretary of State**

- **\$47.5 million for the implementation of the Help America Vote Act is appropriated in Federal Funds**

Congress passed the Help America Vote Act (HAVA) of 2002 that provides one-time money to states in order to improve the election process and infrastructure.

### **Environmental Quality**

- **\$263,000 in Federal Funds for a Voluntary Remediation Program and Brownfields Initiatives**

Federal Funds have been received for the development and operation of the state Voluntary Remediation Program and the federal Brownfields Initiatives, in accordance with the Small Business Liability Relief and Brownfields Revitalization Act of 2002.

Brownfields are abandoned, idled, or under-used industrial and commercial facilities where expansion or redevelopment is complicated by real or perceived environmental

contamination. The Louisiana Voluntary Remediation Program provides a mechanism by which property owners (or potential owners) or others can clean up contaminated properties and receive a release of liability for further cleanup of historical contamination at a site. This release of liability flows to future owners of the property as well.

## **Justice**

- **\$288,947 in Federal Funds appropriated for continuation of the Internet Crimes Against Children grant**
- **\$344,791 in Statutory Dedications appropriated from the Insurance Fraud Fund for an additional three positions in the Criminal and Medicaid Fraud Program**
- **\$300,000 for the Support of the Capital Area Legal Services Corporation**
- **\$66,000 for expansion of the Community Living Ombudsman Program into the Alexandria area, Region #6**
- **\$53,000 for expansion of the Community Living Ombudsman Program into the Lake Charles area, Region #5**

## **Natural Resources**

- **\$250,000 in State General Fund is included for the Louisiana Rural Water Association's (LRWA) Energy Conservation Program**

Field technicians will conduct leak and/or smoke test on water/wastewater systems in rural communities. LRWA will provide training and educational workshops for those system personnel. They will also provide brochures and training manuals on production/consumption, treatment plant efficiency, and metering devices.

- **\$25.3 million is appropriated in the capital outlay budget for Atchafalaya Basin projects**

These funds will be used for various Atchafalaya Basin restoration and enhancement projects, with match provided by federal, local, and other funds (\$8.8 million in Priority 1, \$6 million in Priority 3, \$6 million in Priority 4, and \$4.5 million in Priority 5).

## **Wildlife and Fisheries**

- **\$9 million is provided in the capital outlay budget for statewide wildlife land acquisitions (\$1.5 million from Statutory Dedications and \$7.5 million in Priority 5)**

### TANF INITIATIVES

INITIATIVES	FY 01-02	FY 02-03	FY 03-04	FY 04-05	FY 04-05 NOTES
<b><u>Literacy</u></b>					
Public Pre-K	\$15,000,000	\$29,500,000	\$39,000,000	\$35,000,000	\$17 million TANF, \$18 million SGF
Private Pre-K	\$3,000,000	\$6,000,000	\$8,500,000	\$8,500,000	
Drop-out Prevention	\$14,000,000	\$7,000,000	\$4,500,000	-	
After School	\$3,150,000	\$8,000,000	\$9,500,000	\$9,500,000	
Child Literacy	-	\$4,750,000	-	-	
Adult Literacy	-	\$4,000,000	\$1,500,000	-	
Truancy	\$1,100,000	\$2,430,193	\$2,430,193	-	
LPB Early Learning Initiative	-		-	-	
<b>TOTAL LITERACY</b>	\$36,250,000	\$63,669,342	\$65,430,193	\$53,000,000	
<b><u>Employment</u></b>					
Job Skills	\$10,000,000	\$10,000,000	\$11,750,000	-	
Microenterprise Development	\$1,000,000	\$1,000,000	\$641,666	-	
Cluster Training	-	\$5,000,000	-	-	
Court Ordered Training	-	\$1,350,000	-	-	
Incarcerated Job Skills	-	\$3,000,000	\$2,000,000	-	
Post-release programs	\$5,000,000	\$4,000,000	\$4,500,000	-	
<b>TOTAL EMPLOYMENT</b>	\$16,000,000	\$22,350,000	\$18,891,666	-	
<b><u>Family Stability</u></b>					
Teen Pregnancy	\$7,000,000	\$9,500,000	\$6,500,000	\$5,500,000	
Diversion	\$2,250,000	-	-	-	
Domestic Abuse	\$4,000,000	\$3,000,000	\$3,166,666	-	
Community Response	-	\$6,000,000	\$3,000,000	-	
Individual Development Accounts	\$2,000,000	\$2,000,000	-	-	
Fatherhood Initiatives	\$1,000,000	\$3,000,000	\$750,000	-	
Transportation	\$3,500,000	-	-	-	
Youth in Transition	-	\$419,807	-	-	
Family Strengthening	-	\$875,000	\$500,000	-	
CASA	\$3,600,000	\$4,000,000	\$4,830,000	\$3,000,000	

Drug Courts	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000	
Substance Abuse	\$2,000,000	\$4,000,000	\$4,166,666	\$4,166,666	SGF for maintenance of effort
Housing Initiatives	\$3,000,000	\$7,000,000	-	-	
Home ownership	-	\$375,000	-	-	
Energy Assistance	\$17,500,000	\$3,000,000	-	-	
Home Repair (Delta project)	-	\$1,000,000	-	-	
At-risk Children/Mental Health	-	\$1,750,000	\$1,750,000	\$2,750,000	SGF for TANF maintenance of effort
Abortion Alternatives	-	\$1,500,000	\$1,500,000	-	
<b>TOTAL FAMILY STABILITY</b>	\$50,850,000	\$50,249,807	\$31,163,332	\$20,416,666	
<b>Other</b>					
Child Care Quality	-	\$2,891,897	-	-	
DOA Oversight	\$750,000	\$2,275,611	\$1,600,000	-	
Wrap around child care	\$10,000,000	-	-	-	
Caseworker Training	-	\$750,000	\$750,000	-	
Provider Capacity Building	-	\$750,000	-	-	
<b>TOTAL OTHER</b>	\$10,750,000	\$6,667,508	\$2,350,000	-	
<b>GRAND TOTAL</b>	<b>\$113,850,000</b>	<b>\$142,936,657</b>	<b>\$117,835,191</b>	<b>\$73,416,666</b>	

**REVENUE ESTIMATING CONFERENCE**  
**OFFICIAL FORECAST FOR FISCAL YEARS 03-04 AND 04-05**  
(In Million \$)

REVENUE SOURCE	Official Forecast 5/14/04 FY 03-04	Official Forecast 5/14/04 FY 04-05
Alcoholic Beverage	16.8	16.4
Beer	38.5	37.8
Corporate Franchise	190.7	199.0
Corporate Income	216.9	206.0
Total Corp Fran. & Inc.	407.6	405.0
Gasoline	445.2	449.0
Gift	3.8	4.6
Hazardous Waste	4.6	5.0
Individual Income	2,198.6	2,306.5
Inheritance	36.4	16.9
Natural Gas Franchise	3.5	3.4
Public Utilities	8.0	2.5
Auto Rental Excise	4.4	4.4
Sales Tax - General	2,125.0	2,164.9
Severance	516.5	502.0
Special Fuels	122.2	126.4
Supervision/Inspection Fee	5.0	5.0
Tobacco	143.5	142.6
Unknown Owners	20.5	13.0
Miscellaneous Receipts	7.2	8.5
<b>Total - Dept. of Revenue</b>	<b>6,107.0</b>	<b>6,213.9</b>
Royalties	398.5	354.0
Rentals	15.9	10.6
Bonuses	19.9	17.7
Mineral Interest	3.5	3.0
<b>Total - Natural Resources</b>	<b>437.8</b>	<b>385.3</b>
Interest Earnings	50.0	45.0
Interest Earnings (TTF)	3.6	3.6
Various Agency Receipts	41.1	35.4
Agency SGR Over-Collections	18.9	21.3
Bond Reimbursements	13.1	11.8
Quality Ed. Support Fund	62.5	55.0
Lottery Proceeds	116.9	105.0
Land-based Casino	60.0	62.0
Tobacco Settlement	53.6	53.9
DHH Provider Fees	96.9	94.4
<b>Total - Treasury</b>	<b>516.6</b>	<b>487.4</b>



Excise License	196.3	203.0
Ins. Rating Fees (SGF)	39.2	41.2
<b>Total - Insurance</b>	<b>235.5</b>	<b>244.2</b>
Misc. DPS Permits & ABC Permits	12.8	12.0
Titles	24.4	24.1
Vehicle Licenses	88.2	87.3
Vehicle Sales Tax	296.5	301.0
Riverboat Gaming	339.4	350.0
Racetrack slots	33.8	39.3
Video Draw Poker	178.5	186.0
<b>Total - Public Safety</b>	<b>973.6</b>	<b>999.7</b>
<b>Total Taxes, Licenses, Fees</b>	<b>8,270.5</b>	<b>8,330.5</b>
<i>Less: Dedications</i>	<i>(1,531.2)</i>	<i>(1,505.9)</i>
<b>STATE GENERAL</b>		
<b>FUND REVENUE DIRECT</b>	<b>6,739.3</b>	<b>6,824.7</b>
<b>Less nonrecurring revenue (75%)</b>	<b>(4.2)</b>	<b>(5.0)</b>
<b>TOTAL FUNDS AVAILABLE FOR GENERAL PURPOSE EXPENDITURES</b>	<b>6,735.0</b>	<b>6,819.7</b>

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# REVENUE ESTIMATING CONFERENCE

## OFFICIAL FORECASTS FOR FISCAL YEARS 03-04 AND 04-05

(In Million \$)

### DEDICATIONS

Dedication	Official Forecast 5/14/04 FY 03-04	Official Forecast 5/14/04 FY 04-05
Gasoline-Port of NO & L. C. Harbor		
Motor Fuels - Transportation Trust Fund	453.9	460.3
Motor Vehicles License - TTF	35.0	37.5
Aviation Tax - TTF	6.3	6.3
TTF/Interest and Fees	21.5	21.5
Motor Fuels - TIME Program	113.5	115.1
Motor Vehicle License - Hwy Fund #2	10.1	10.2
Severance Tax -Parishes	42.6	40.2
Severance Tax - Forest Prod. Fund	3.0	3.5
Royalties - Parishes	39.8	35.4
Royalties-DNR Support Fund	1.6	1.6
Wetlands Fund	25.0	25.0
Mineral Audit Settlement Fund	0.0	0.0
Quality Ed. Support Fund	62.5	55.0
Sales Tax Econ. Development	10.9	10.1
Tourist Promotion District	17.5	17.5
Excise License - 2% Fire Ins.	11.5	13.5
Excise License - Fire Marshal Fund	8.7	10.0
Excise License - LSU Fire Tr.	1.7	2.0
Insurance Fees	39.2	41.2
Video Draw Poker	54.2	53.8
Racetrack Slots	18.3	19.1
Lottery Proceeds Fund	116.4	104.5
SELF Fund	131.2	134.7
Riverboat 'Gaming' Enforce.	55.2	57.4
Compulsive Gaming Fund	2.0	2.0
Tobacco Settlement	53.6	53.9
Tobacco Tax Health Care Fund	43.0	42.5
State Police Salary Fund	15.6	15.6
Excess Revenue Collection Fund	0.0	0.0
Risk Management Insurance Premium Fund	0.0	0.0
DHH Provider Fees	96.9	94.4
Stabilization Fund	19.8	0.0
Hazardous Waste Funds	4.6	5.0
Supervision/Inspection Fee	5.0	5.0
Insp. Fee/Gasoline, Ag. Petroleum Fund	5.9	7.2
Bond Reimbursements Paid by Others	5.1	4.9
<b>Total Dedications</b>	<b>1,531.2</b>	<b>1,505.95</b>

*Some columns and lines do not add precisely due to rounding.*

